



**OFFICE OF ATTORNEY GENERAL  
FOUR YEARS ENDED JUNE 30, 2003**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2004-49  
June 17, 2004  
[www.auditor.mo.gov](http://www.auditor.mo.gov)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

June 2004

**The following findings were noted as a result of an audit conducted by our office of the Office of the Attorney General.**

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The Office of the Attorney General (AGO) needs to improve its accounts receivable records, policies, and procedures. In July 2001, the office consolidated most of its collection efforts to recoup money owed to the state, state officers, or state agencies, including restitution for consumers from cases handled by the Consumer Protection Division. This collection effort is handled by the financial services unit (FSU). This unit collected approximately \$16 million during the four years ended June 30, 2003. In addition, the no call unit, within the Consumer Protection Division also maintains accounts receivable records for violations of the state's No Call laws. During the four years ending June 30, 2003, the no call unit collected approximately \$885,900 for the recovery of cost of investigation and/or prosecution of violations and approximately \$35,000 in civil penalties.

The FSU's manual and/or computerized database records are not always complete or accurate. Our office noted several instances where payments had not been properly recorded in the manual log and/or computerized database. In addition, the beginning receivable balance for two cases was not accurate due to mathematical errors. Also, when the unit upgraded its computerized database in March 2003, the payment histories were not included for all cases. Therefore, the unit cannot generate an accounts receivable report with current and accurate balances for each case.

Collection efforts are not always performed in a timely manner. There appeared to be little collection efforts performed on no call accounts receivable cases since November 2002. As of January 2004, there were eight cases with outstanding balances, totaling approximately \$154,000. Additionally, the FSU does not maintain a control list of all uncollectible accounts which had been written-off and office management does not review and/or approve significant accounts written-off.

The Environmental Protection Division (EPD) has not established adequate procedures to ensure the proper handling of checks received. During a cash count, on November 19, 2003, we noted twenty-four checks, totaling \$77,510, which had been received, but not recorded by the EPD. Procedures are not adequate to ensure all checks and related check information are properly recorded in the division's computerized receipts system. Also, the EPD did not always forward checks to the applicable entity in a timely manner. During a cash count, on November 19, 2003, we noted eight checks, totaling \$81,762, had been held for more than 30 days after they had been received.

(over)

YELLOW SHEET

The Governmental Affairs Division (GAD) has not established adequate procedures to ensure the number of hours billed for work performed by the division's attorneys are properly charged to the applicable professional boards.

The AGO does not require all employees to prepare time sheets to account for hours worked and leave taken during the month. Only attorneys and hourly employees prepared time sheets. Additionally, the AGO has not established procedures to track the costs per case. During the four years ended June 30, 2003, the AGO spent over \$72 million in personnel and expense and equipment costs to operate the office. The AGO routinely receives reimbursement for the cost of the investigation and/or prosecution of consumer protection, antitrust, and no call cases. However, these costs are not supported by detailed documentation. Also, the office does not track work performed by its investigators and administrative personnel. Similar conditions were noted in several prior reports.

The AGO does not maintain documentation to support the costs comparisons of commercial flights to the costs of using Office of Administration (OA) planes for out-of-state travel. During the four years ended June 30, 2003, 8 out-of-state flights and 216 in-state flights were taken in state planes at a cost totaling over \$19,000 and \$169,000, respectively. To ensure the most economical use of state resources, the office should prepare and retain documentation comparing the costs of commercial flights to the costs of using OA planes. A similar condition was also noted in the prior report.

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## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

Honorable Jeremiah W. (Jay) Nixon, Attorney General  
Jefferson City, MO 65102

We have audited the accompanying Statements of Receipts, Disbursements, and Changes in Cash and Investments of the General Revenue Fund-Federal, Court Costs Fund, Antitrust Revolving Fund, Merchandising Practices Revolving Fund, Merchandising Practices Restitution Account, Health Spa Regulatory Fund, Inmate Incarceration Reimbursement Act Revolving Fund, and Multi-State Consumer Fraud Accounts; Statement of Receipts of the General Revenue Fund-State, Workers' Compensation-Second Injury Fund, Tort Victims' Compensation Fund, Workers' Compensation Fund, Healthy Families Trust Fund, Natural Resources Protection Fund-Water Pollution Permit Fee Subaccount, and Hazardous Waste Fund; and Statement of Appropriations and Expenditures of the various funds of the Office of Attorney General as of and for the years ended June 30, 2003, 2002, 2001, and 2000. These financial statements are the responsibility of the office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments of the General Revenue Fund-Federal, Court Costs Fund, Antitrust Revolving Fund, Merchandising Practices Revolving Fund, Merchandising Practices Restitution Account, Health Spa Regulatory Fund, Inmate Incarceration Reimbursement Act Revolving Fund, and Multi-State Consumer Fraud Accounts ; the receipts of the General Revenue Fund-State, Workers' Compensation-Second Injury Fund, Tort Victims' Compensation Fund, Workers' Compensation Fund, Healthy Families Trust Fund, Natural Resources Protection Fund-Water Pollution Permit Fee Subaccount, and Hazardous Waste Fund; and the appropriations and expenditures of the various funds of the Office of Attorney General as of and for the years ended June 30, 2003, 2002, 2001, and 2000, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated February 6, 2004, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the office's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the office's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill  
State Auditor

February 6, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

|                     |                                    |
|---------------------|------------------------------------|
| Director of Audits: | Kenneth W. Kuster, CPA             |
| Audit Manager:      | Toni M. Crabtree, CPA              |
| In-Charge Auditor:  | Terrie Laswell, CPA                |
| Audit Staff:        | Christy A. Marsh                   |
|                     | Tsetsegsaikhan (Flower) Chadraabal |



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Jeremiah W. (Jay) Nixon, Attorney General  
Jefferson City, MO 65102

We have audited the financial statements of the Office of Attorney General as of and for the years ended June 30, 2003, 2002, 2001, and 2000, and have issued our report thereon dated February 6, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Office of Attorney General are free of material misstatement, we performed tests of the office's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Office of Attorney General, we considered the office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk

that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information and use of the management of the Office of Attorney General and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

February 6, 2004 (fieldwork completion date)

## Financial Statements

## Exhibit A-1

OFFICE OF ATTORNEY GENERAL  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS  
 YEAR ENDED JUNE 30, 2003

|  | General<br>Revenue<br>Fund-Federal | Court Costs<br>Fund | Antitrust<br>Revolving<br>Fund | Merchandising<br>Practices<br>Revolving<br>Fund | Merchandising<br>Practices<br>Restitution<br>Account | Health<br>Spa<br>Regulatory<br>Fund | Inmate<br>Reimbursement<br>Act Revolving<br>Fund | Multi-State<br>Consumer<br>Fraud<br>Accounts | Total<br>(Memorandum<br>Only) |
|--|------------------------------------|---------------------|--------------------------------|---|--|-------------------------------------|--|--|-------------------------------|
| RECEIPTS   |                                    |                     |                                |   |  |                                     |  |  |                               |
| Federal grants                                       | \$ 772,983                         | 0                   | 0                              | 0   | 0  | 0                                   | 0  | 0  | 772,983                       |
| Restitution  | 0                                  | 0                   | 0                              | 0   | 846,241  | 0                                   | 0  | 0  | 846,241                       |
| Inmate housing receipts                              | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 86,380   | 0  | 86,380                        |
| Penalties and awards                                 | 0                                  | 5,899               | 7,443                          | 1,003,322                                       | 0  | 0                                   | 0  | 5,000,000                                    | 6,016,664                     |
| Registration fees                                    | 0                                  | 0                   | 0                              | 12,915  | 0  | 10,475                              | 0  | 0  | 23,390                        |
| No call program fees                                 | 0                                  | 0                   | 0                              | 294,327   | 0  | 0                                   | 0  | 0  | 294,327                       |
| Recovery costs                                       | 0                                  | 0                   | 259,550                        | 190,221   | 0  | 0                                   | 0  | 0  | 449,771                       |
| Interest   | 0                                  | 0                   | 0                              | 0   | 3,019  | 0                                   | 0  | 134,800                                      | 137,819                       |
| Miscellaneous  | 2,815                              | 0                   | 774                            | 925   | 0  | 0                                   | 0  | 142,101                                      | 146,615                       |
| Total Receipts                                       | 775,798                            | 5,899               | 267,767                        | 1,501,710                                       | 849,260  | 10,475                              | 86,380   | 5,276,901                                    | 8,774,190                     |
| DISBURSEMENTS  |                                    |                     |                                |   |  |                                     |  |  |                               |
| Personal service                                     | 557,190                            | 0                   | 322,563                        | 545,660   | 0  | 0                                   | 21,650   | 0  | 1,447,063                     |
| Employee fringe benefits                             | 163,620                            | 0                   | 82,016                         | 184,033   | 0  | 0                                   | 9,032  | 0  | 438,701                       |
| Expense and equipment                                | 28,360                             | 167,155             | 54,696                         | 1,327,170                                       | 0  | 0                                   | 0  | 599,098                                      | 2,176,479                     |
| Payments to other parties                            | 0                                  | 0                   | 0                              | 0   | 832,358  | 0                                   | 0  | 18,428,268                                   | 19,260,626                    |
| Leasing operations                                   | 1,325                              | 0                   | 365                            | 6,041   | 0  | 0                                   | 0  | 0  | 7,731                         |
| Cost allocation plan                                 | 0                                  | 579                 | 4,631                          | 22,752  | 0  | 41                                  | 1,063  | 0  | 29,066                        |
| State office building rent                           | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 1,710  | 0  | 1,710                         |
| State office building maintenance and repair         | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 233  | 0  | 233                           |
| Other  | 3,305                              | 0                   | 0                              | 0   | 0  | 0                                   | 0  | 0  | 3,305                         |
| Total Disbursements                                  | 753,800                            | 167,734             | 464,271                        | 2,085,656                                       | 832,358  | 41                                  | 33,688   | 19,027,366                                   | 23,364,914                    |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                  | 21,998                             | (161,835)           | (196,504)                      | (583,946)                                       | 16,902   | 10,434                              | 52,692   | (13,750,465)                                 | (14,590,724)                  |
| TRANSFERS  |                                    |                     |                                |   |  |                                     |  |  |                               |
| Transfers from:                                      |                                    |                     |                                |   |  |                                     |  |  |                               |
| General Revenue Fund-State                           | 0                                  | 180,000             | 75,000                         | 0   | 0  | 0                                   | 0  | 0  | 255,000                       |
| Merchandising Practices Restitution Account          | 0                                  | 0                   | 0                              | 63,290  | 0  | 0                                   | 0  | 0  | 63,290                        |
| Multi-State Consumer Fraud Accounts                  | 0                                  | 0                   | 12,606                         | 269,600   | 0  | 0                                   | 0  | 0  | 282,206                       |
| Transfers to:  |                                    |                     |                                |   |  |                                     |  |  |                               |
| General Revenue Fund-State                           | 0                                  | (12)                | (133)                          | (647)   | 0  | (4)                                 | (37)   | 0  | (833)                         |
| Merchandising Practices Revolving Fund               | 0                                  | 0                   | 0                              | 0   | (63,290)   | 0                                   | 0  | (269,600)                                    | (332,890)                     |
| Antitrust Revolving Fund                             | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 0  | (12,606)                                     | (12,606)                      |
| Total Transfers                                      | 0                                  | 179,988             | 87,473                         | 332,243   | (63,290)   | (4)                                 | (37)   | (282,206)                                    | 254,167                       |
| RECEIPTS OVER (UNDER) DISBURSEMENTS<br>AND TRANSFERS | 21,998                             | 18,153              | (109,031)                      | (251,703)                                       | (46,388)   | 10,430                              | 52,655   | (14,032,671)                                 | (14,336,557)                  |
| CASH AND INVESTMENTS, JULY 1, 2002                   | 728                                | 48,937              | 597,450                        | 3,320,664                                       | 452,683  | 87,620                              | 212,093  | 17,045,306                                   | 21,765,481                    |
| CASH AND INVESTMENTS, JUNE 30, 2003                  | \$ 22,726                          | 67,090              | 488,419                        | 3,068,961                                       | 406,295  | 98,050                              | 264,748  | 3,012,635                                    | 7,428,924                     |

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

OFFICE OF ATTORNEY GENERAL  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS  
YEAR ENDED JUNE 30, 2002

|  | General<br>Revenue<br>Fund-Federal | Court Costs<br>Fund | Antitrust<br>Revolving<br>Fund | Merchandising<br>Practices<br>Revolving<br>Fund | Merchandising<br>Practices<br>Restitution<br>Account | Health<br>Spa<br>Regulatory<br>Fund | Inmate<br>Incarceration<br>Reimbursement<br>Act Revolving<br>Fund | Multi-State<br>Consumer<br>Fraud<br>Accounts | Total<br>(Memorandum<br>Only) |
|--|------------------------------------|---------------------|--------------------------------|---|--|-------------------------------------|---|--|-------------------------------|
| RECEIPTS   |                                    |                     |                                |   |  |                                     |   |  |                               |
| Federal grants                                       | \$ 755,200                         | 0                   | 0                              | 0   | 0  | 0                                   | 0   | 0  | 755,200                       |
| Restitution  | 0                                  | 0                   | 0                              | 0   | 656,429  | 0                                   | 0   | 0  | 656,429                       |
| Inmate housing receipts                              | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 61,054  | 0  | 61,054                        |
| Penalties and awards                                 | 0                                  | 5,233               | 0                              | 1,222,455                                       | 0  | 0                                   | 0   | 23,000,000                                   | 24,227,688                    |
| Registration fees                                    | 0                                  | 0                   | 0                              | 15,165  | 0  | 11,500                              | 0   | 0  | 26,665                        |
| No call program fees                                 | 0                                  | 0                   | 0                              | 214,100   | 0  | 0                                   | 0   | 0  | 214,100                       |
| Recovery costs                                       | 0                                  | 0                   | 486,892                        | 236,909   | 0  | 0                                   | 0   | 0  | 723,801                       |
| Interest   | 0                                  | 0                   | 0                              | 0   | 11,040   | 0                                   | 0   | 74,130                                       | 85,170                        |
| Miscellaneous  | 0                                  | 1,912               | 0                              | 544   | 0  | 0                                   | 0   | 33   | 2,489                         |
| Total Receipts                                       | 755,200                            | 7,145               | 486,892                        | 1,689,173                                       | 667,469  | 11,500                              | 61,054  | 23,074,163                                   | 26,752,596                    |
| DISBURSEMENTS  |                                    |                     |                                |   |  |                                     |   |  |                               |
| Personal service                                     | 556,725                            | 0                   | 225,084                        | 592,500   | 0  | 0                                   | 21,330  | 0  | 1,395,639                     |
| Employee fringe benefits                             | 168,364                            | 0                   | 60,269                         | 199,639   | 0  | 0                                   | 8,901   | 0  | 437,173                       |
| Expense and equipment                                | 27,881                             | 186,527             | 38,318                         | 1,018,129                                       | 0  | 0                                   | 314   | 51,173                                       | 1,322,342                     |
| Payments to other parties                            | 0                                  | 0                   | 0                              | 0   | 534,266  | 0                                   | 0   | 7,251,246                                    | 7,785,512                     |
| Leasing operations                                   | 1,546                              | 0                   | 399                            | 5,845   | 0  | 0                                   | 0   | 0  | 7,790                         |
| Cost allocation plan                                 | 0                                  | 579                 | 4,631                          | 22,752  | 0  | 41                                  | 1,063   | 0  | 29,066                        |
| State office building rent                           | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 1,738   | 0  | 1,738                         |
| State office building maintenance and repair         | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 233   | 0  | 233                           |
| Total Disbursements                                  | 754,516                            | 187,106             | 328,701                        | 1,838,865                                       | 534,266  | 41                                  | 33,579  | 7,302,419                                    | 10,979,493                    |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                  | 684                                | (179,961)           | 158,191                        | (149,692)                                       | 133,203  | 11,459                              | 27,475  | 15,771,744                                   | 15,773,103                    |
| TRANSFERS  |                                    |                     |                                |   |  |                                     |   |  |                               |
| Transfers from:                                      |                                    |                     |                                |   |  |                                     |   |  |                               |
| General Revenue Fund-State                           | 0                                  | 180,000             | 125,000                        | 0   | 0  | 0                                   | 0   | 0  | 305,000                       |
| Merchandising Practices Restitution Account          | 0                                  | 0                   | 0                              | 14,527  | 0  | 0                                   | 0   | 0  | 14,527                        |
| Multi-State Consumer Fraud Accounts                  | 0                                  | 0                   | 0                              | 175,108   | 0  | 0                                   | 0   | 0  | 175,108                       |
| Transfers to:  |                                    |                     |                                |   |  |                                     |   |  |                               |
| Merchandising Practices Revolving Fund               | 0                                  | 0                   | 0                              | 0   | (14,527)   | 0                                   | 0   | (175,108)                                    | (189,635)                     |
| Total Transfers                                      | 0                                  | 180,000             | 125,000                        | 189,635   | (14,527)   | 0                                   | 0   | (175,108)                                    | 305,000                       |
| RECEIPTS OVER (UNDER) DISBURSEMENTS<br>AND TRANSFERS | 684                                | 39                  | 283,191                        | 39,943  | 118,676  | 11,459                              | 27,475  | 15,596,636                                   | 16,078,103                    |
| CASH AND INVESTMENTS, JULY 1, 2001                   | 44                                 | 48,898              | 314,259                        | 3,280,721                                       | 334,007  | 76,161                              | 184,618   | 1,448,670                                    | 5,687,378                     |
| CASH AND INVESTMENTS, JUNE 30, 2002                  | \$ 728                             | 48,937              | 597,450                        | 3,320,664                                       | 452,683  | 87,620                              | 212,093   | 17,045,306                                   | 21,765,481                    |

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit A-3

OFFICE OF ATTORNEY GENERAL  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS  
 YEAR ENDED JUNE 30, 2001

|  | General<br>Revenue<br>Fund-Federal | Court Costs<br>Fund | Antitrust<br>Revolving<br>Fund | Merchandising<br>Practices<br>Revolving<br>Fund | Merchandising<br>Practices<br>Restitution<br>Account | Health<br>Spa<br>Regulatory<br>Fund | Inmate<br>Incarceration<br>Reimbursement<br>Act Revolving<br>Fund | Multi-State<br>Consumer<br>Fraud<br>Accounts | Total<br>(Memorandum<br>Only) |
|--|------------------------------------|---------------------|--------------------------------|---|--|-------------------------------------|---|--|-------------------------------|
| RECEIPTS   |                                    |                     |                                |   |  |                                     |   |  |                               |
| Federal grants                                       | \$ 650,522                         | 0                   | 0                              | 0   | 0  | 0                                   | 0   | 0  | 650,522                       |
| Restitution  | 0                                  | 0                   | 0                              | 0   | 494,393  | 0                                   | 0   | 0  | 494,393                       |
| Inmate housing receipts                              | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 71,335  | 0  | 71,335                        |
| Penalties and awards                                 | 0                                  | 11,437              | 5,000                          | 313,792   | 0  | 0                                   | 0   | 30,016,739                                   | 30,346,968                    |
| Registration fees                                    | 0                                  | 0                   | 0                              | 15,030  | 0  | 6,700                               | 0   | 0  | 21,730                        |
| No call program fees                                 | 0                                  | 0                   | 0                              | 17,550  | 0  | 0                                   | 0   | 0  | 17,550                        |
| Interest   | 0                                  | 0                   | 0                              | 0   | 34,526   | 0                                   | 0   | 256,719                                      | 291,245                       |
| Miscellaneous  | 0                                  | 769                 | 0                              | 2,228   | 0  | 0                                   | 0   | 0  | 2,997                         |
| Total Receipts                                       | 650,522                            | 12,206              | 5,000                          | 348,600   | 528,919  | 6,700                               | 71,335  | 30,273,458                                   | 31,896,740                    |
| DISBURSEMENTS  |                                    |                     |                                |   |  |                                     |   |  |                               |
| Personal service                                     | 494,062                            | 0                   | 321,352                        | 437,327   | 0  | 0                                   | 21,120  | 0  | 1,273,861                     |
| Employee fringe benefits                             | 125,357                            | 0                   | 83,510                         | 133,429   | 0  | 0                                   | 8,158   | 0  | 350,454                       |
| Expense and equipment                                | 31,722                             | 154,692             | 212,621                        | 881,395   | 0  | 0                                   | 1,987   | 168,164                                      | 1,450,581                     |
| Payments to other parties                            | 0                                  | 0                   | 0                              | 0   | 1,380,518  | 0                                   | 0   | 38,677,168                                   | 40,057,686                    |
| Leasing operations                                   | 0                                  | 0                   | 0                              | 4,043   | 0  | 0                                   | 0   | 0  | 4,043                         |
| State office building rent                           | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 2,171   | 0  | 2,171                         |
| State office building maintenance and repair         | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 139   | 0  | 139                           |
| Capital improvement projects                         | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 61  | 0  | 61                            |
| Total Disbursements                                  | 651,141                            | 154,692             | 617,483                        | 1,456,194                                       | 1,380,518  | 0                                   | 33,636  | 38,845,332                                   | 43,138,996                    |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                  | (619)                              | (142,486)           | (612,483)                      | (1,107,594)                                     | (851,599)  | 6,700                               | 37,699  | (8,571,874)                                  | (11,242,256)                  |
| TRANSFERS  |                                    |                     |                                |   |  |                                     |   |  |                               |
| Transfers from:                                      |                                    |                     |                                |   |  |                                     |   |  |                               |
| General Revenue Fund-State                           | 0                                  | 180,000             | 125,000                        | 0   | 0  | 0                                   | 0   | 0  | 305,000                       |
| Merchandising Practices Restitution Account          | 0                                  | 0                   | 0                              | 791,531   | 0  | 0                                   | 0   | 0  | 791,531                       |
| Multi-State Consumer Fraud Accounts                  | 0                                  | 0                   | 0                              | 655,257   | 0  | 0                                   | 0   | 0  | 655,257                       |
| Transfers to:  |                                    |                     |                                |   |  |                                     |   |  |                               |
| General Revenue Fund-State                           | 0                                  | (260)               | 0                              | (10,391)  | 0  | (54)                                | (481)   | 0  | (11,186)                      |
| Merchandising Practices Revolving Fund               | 0                                  | 0                   | 0                              | 0   | (791,531)  | 0                                   | 0   | (655,257)                                    | (1,446,788)                   |
| Total Transfers                                      | 0                                  | 179,740             | 125,000                        | 1,436,397                                       | (791,531)  | (54)                                | (481)   | (655,257)                                    | 293,814                       |
| RECEIPTS OVER (UNDER) DISBURSEMENTS<br>AND TRANSFERS | (619)                              | 37,254              | (487,483)                      | 328,803   | (1,643,130)  | 6,646                               | 37,218  | (9,227,131)                                  | (10,948,442)                  |
| CASH AND INVESTMENTS, JULY 1, 2000                   | 663                                | 11,644              | 801,742                        | 2,951,918                                       | 1,977,137  | 69,515                              | 147,400   | 10,675,801                                   | 16,635,820                    |
| CASH AND INVESTMENTS, JUNE 30, 2001                  | \$ 44                              | 48,898              | 314,259                        | 3,280,721                                       | 334,007  | 76,161                              | 184,618   | 1,448,670                                    | 5,687,378                     |

The accompanying Notes to the Financial Statements are an integral part of this statement.



Exhibit A-4

OFFICE OF ATTORNEY GENERAL  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS  
YEAR ENDED JUNE 30, 2000

|  | General<br>Revenue<br>Fund-Federal | Court Costs<br>Fund | Antitrust<br>Revolving<br>Fund | Merchandising<br>Practices<br>Revolving<br>Fund | Merchandising<br>Practices<br>Restitution<br>Account | Health<br>Spa<br>Regulatory<br>Fund | Inmate<br>Incarceration<br>Reimbursement<br>Act Revolving<br>Fund | Multi-State<br>Consumer<br>Fraud<br>Accounts | Total<br>(Memorandum<br>Only) |
|--|------------------------------------|---------------------|--------------------------------|---|--|-------------------------------------|---|--|-------------------------------|
| RECEIPTS   |                                    |                     |                                |   |  |                                     |   |  |                               |
| Federal grants                                       | \$ 676,212                         | 0                   | 0                              | 0   | 0  | 0                                   | 0   | 0  | 676,212                       |
| Restitution  | 0                                  | 0                   | 0                              | 0   | 1,563,881  | 0                                   | 0   | 0  | 1,563,881                     |
| Inmate housing receipts                              | 0                                  | 0                   | 0                              | 0   | 0  | 0                                   | 46,584  | 0  | 46,584                        |
| Penalties and awards                                 | 0                                  | 14,664              | 536,842                        | 1,066,912                                       | 0  | 0                                   | 0   | 9,100,000                                    | 10,718,418                    |
| Registration fees                                    | 0                                  | 0                   | 0                              | 15,265  | 0  | 6,500                               | 0   | 0  | 21,765                        |
| Interest   | 0                                  | 0                   | 0                              | 0   | 41,151   | 0                                   | 0   | 75,749                                       | 116,900                       |
| Miscellaneous  | 633                                | 1,072               | 1,388                          | 85  | 0  | 0                                   | 5,000   | 0  | 8,178                         |
| Total Receipts                                       | 676,845                            | 15,736              | 538,230                        | 1,082,262                                       | 1,605,032  | 6,500                               | 51,584  | 9,175,749                                    | 13,151,938                    |
| DISBURSEMENTS  |                                    |                     |                                |   |  |                                     |   |  |                               |
| Personal service                                     | 493,689                            | 0                   | 172,458                        | 207,332   | 0  | 0                                   | 20,475  | 0  | 893,954                       |
| Employee fringe benefits                             | 142,113                            | 0                   | 38,462                         | 64,640  | 0  | 0                                   | 5,889   | 0  | 251,104                       |
| Expense and equipment                                | 42,126                             | 194,259             | 142,132                        | 323,795   | 0  | 6,725                               | 7,865   | 58,311                                       | 775,213                       |
| Payments to other parties                            | 0                                  | 0                   | 0                              | 0   | 1,133,858  | 0                                   | 0   | 0  | 1,133,858                     |
| Total Disbursements                                  | 677,928                            | 194,259             | 353,052                        | 595,767   | 1,133,858  | 6,725                               | 34,229  | 58,311                                       | 3,054,129                     |
| RECEIPTS OVER (UNDER) DISBURSEMENTS                  | (1,083)                            | (178,523)           | 185,178                        | 486,495   | 471,174  | (225)                               | 17,355  | 9,117,438                                    | 10,097,809                    |
| TRANSFERS  |                                    |                     |                                |   |  |                                     |   |  |                               |
| Transfers from:                                      |                                    |                     |                                |   |  |                                     |   |  |                               |
| General Revenue Fund-State                           | 0                                  | 180,000             | 125,000                        | 0   | 0  | 0                                   | 0   | 0  | 305,000                       |
| Merchandising Practices Restitution Account          | 0                                  | 0                   | 0                              | 48,038  | 0  | 0                                   | 0   | 0  | 48,038                        |
| Transfers to:  |                                    |                     |                                |   |  |                                     |   |  |                               |
| General Revenue Fund-State                           | 0                                  | (244)               | (8,190)                        | (21,198)  | 0  | (136)                               | (1,342)   | 0  | (31,110)                      |
| Merchandising Practices Revolving Fund               | 0                                  | 0                   | 0                              | 0   | (48,038)   | 0                                   | 0   | 0  | (48,038)                      |
| Total Transfers                                      | 0                                  | 179,756             | 116,810                        | 26,840  | (48,038)   | (136)                               | (1,342)   | 0  | 273,890                       |
| RECEIPTS OVER (UNDER) DISBURSEMENTS<br>AND TRANSFERS | (1,083)                            | 1,233               | 301,988                        | 513,335   | 423,136  | (361)                               | 16,013  | 9,117,438                                    | 10,371,699                    |
| CASH AND INVESTMENTS, JULY 1, 1999                   | 1,746                              | 10,411              | 499,754                        | 2,438,583                                       | 1,554,001  | 69,876                              | 131,387   | 1,558,363                                    | 6,264,121                     |
| CASH AND INVESTMENTS, JUNE 30, 2000                  | \$ 663                             | 11,644              | 801,742                        | 2,951,918                                       | 1,977,137  | 69,515                              | 147,400   | 10,675,801                                   | 16,635,820                    |

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF RECEIPTS

|  | Year Ended June 30,   |                    |                    |               |
|--|-----------------------|--------------------|--------------------|---------------|
|  | 2003                  | 2002               | 2001               | 2000          |
| GENERAL REVENUE FUND - STATE                     |                       |                    |                    |               |
| Penalties and court awards                       | \$ 10,254             | 1,522,879          | 45,276             | 52,834        |
| Recoveries                                       | 3,084                 | 1,501,925          | 2,170              | 922           |
| Refunds  | 2,553                 | 953                | 1,533              | 3,082         |
| Miscellaneous                                    | 3,490                 | 10,406             | 7,578              | 1,629         |
| Total General Revenue Fund - State               | <u>\$ 19,381</u>      | <u>3,036,163</u>   | <u>56,557</u>      | <u>58,467</u> |
| WORKERS' COMPENSATION - SECOND INJURY FUND       |                       |                    |                    |               |
| Penalties and court awards                       | \$ 0                  | 0                  | 4,861              | 0             |
| Settlements                                      | 58,333                | 58,333             | 56,244             | 93,982        |
| Other interest                                   | 0                     | 0                  | 159,217            | 0             |
| Miscellaneous                                    | 2,582                 | 763                | 115                | 411           |
| Total Workers' Compensation - Second Injury Fund | <u>\$ 60,915</u>      | <u>59,096</u>      | <u>220,437</u>     | <u>94,393</u> |
| TORT VICTIMS' COMPENSATION FUND                  |                       |                    |                    |               |
| Penalties and court awards                       | <u>\$ 1,613</u>       | <u>9,236</u>       | <u>146,127</u>     | <u>35,458</u> |
| WORKERS' COMPENSATION FUND                       |                       |                    |                    |               |
| Miscellaneous                                    | <u>\$ 2,890</u>       | <u>0</u>           | <u>1,461</u>       | <u>0</u>      |
| HEALTHY FAMILIES TRUST FUND                      |                       |                    |                    |               |
| Recoveries                                       | <u>\$ 166,895,179</u> | <u>172,679,543</u> | <u>338,230,653</u> | <u>0</u>      |
| NATURAL RESOURCES PROTECTION FUND -              |                       |                    |                    |               |
| WATER POLLUTION PERMIT FEE SUBACCOUNT            |                       |                    |                    |               |
| Recoveries                                       | <u>\$ 0</u>           | <u>10,000</u>      | <u>0</u>           | <u>0</u>      |
| HAZARDOUS WASTE FUND                             |                       |                    |                    |               |
| Miscellaneous                                    | <u>\$ 0</u>           | <u>240</u>         | <u>0</u>           | <u>0</u>      |

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit C

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

|  | Year Ended June 30, |                   |                    |                   |                   |                   |
|--|---------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
|  | 2003                |                   |                    | 2002              |                   |                   |
|  | Appropriations      | Expenditures      | Lapsed Balances ** | Appropriations    | Expenditures      | Lapsed Balances** |
| GENERAL REVENUE FUND - STATE   |                     |                   |                    |                   |                   |                   |
| Personal Service   | \$ 9,071,002        | 9,070,987         | 15                 | 10,479,184        | 10,019,614        | 459,570           |
| Medicaid Fraud Unit - Expense and Equipment  | 126,746             | 119,772           | 6,974              | 149,113           | 110,294           | 38,819            |
| Expense and Equipment - Special Appropriation For a Specific Legal Case  | 63,464              | 0                 | 63,464             | 92,247            | 28,783            | 63,464            |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 277,424             | 269,101           | 8,323              | 554,533           | 277,109           | 277,424           |
| Medicaid Fraud Unit - Personal Service   | 161,857             | 97,665            | 64,192             | 193,924           | 77,987            | 115,937           |
| Expenses related to Americans with Disabilities Act cases - Personal Service   | 57,077              | 57,077            | 0                  | 57,077            | 50,589            | 6,488             |
| Expenses related to Americans with Disabilities Act cases - Expense and Equipment  | 6,360               | 1,152             | 5,208              | 31,360            | 1,994             | 29,366            |
| Attorney General - Personal Service/Expense and Equipment Flex   | 1,245,666           | 711,439           | 534,227            | 0                 | 0                 | 0                 |
| Medical Fraud Unit - Personal Service/Expense and Equipment Flex   | 32,067              | 0                 | 32,067             | 0                 | 0                 | 0                 |
| Expense and Equipment  | 2,139,991           | 2,075,791         | 64,200             | 2,518,128         | 2,453,157         | 64,971            |
| Participation by the State of Missouri in the National Association of Attorneys General - Expense and Equipment                                      | 39,962              | 37,904            | 2,058              | 39,962            | 39,962            | 0                 |
| Total General Revenue Fund - State   | <u>13,221,616</u>   | <u>12,440,888</u> | <u>780,728</u>     | <u>14,115,528</u> | <u>13,059,489</u> | <u>1,056,039</u>  |
| GENERAL REVENUE FUND - FEDERAL   |                     |                   |                    |                   |                   |                   |
| Domestic Violence  | 100,000             | 0                 | 100,000            | 100,000           | 0                 | 100,000           |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 158,105             | 15,416            | 142,689            | 192,572           | 34,467            | 158,105           |
| Medicaid Fraud Unit - Personal Service   | 697,598             | 512,282           | 185,316            | 697,598           | 512,752           | 184,846           |
| Medicaid Fraud Unit - Expense and Equipment  | 809,711             | 19,530            | 790,181            | 809,711           | 0                 | 809,711           |
| Personal Service   | 360,598             | 44,907            | 315,691            | 360,598           | 43,974            | 316,624           |
| Expense and Equipment  | 485,170             | 0                 | 485,170            | 485,170           | 0                 | 485,170           |
| Total General Revenue Fund - Federal   | <u>2,611,182</u>    | <u>592,135</u>    | <u>2,019,047</u>   | <u>2,645,649</u>  | <u>591,193</u>    | <u>2,054,456</u>  |
| GAMING COMMISSION FUND   |                     |                   |                    |                   |                   |                   |
| Personal Service   | 95,065              | 95,030            | 35                 | 95,065            | 95,057            | 8                 |
| Expense and Equipment  | 30,747              | 6,061             | 24,686             | 30,747            | 3,797             | 26,950            |
| Total Gaming Commission Fund   | <u>125,812</u>      | <u>101,091</u>    | <u>24,721</u>      | <u>125,812</u>    | <u>98,854</u>     | <u>26,958</u>     |

## Exhibit C

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

|  | Year Ended June 30, |              |                    |                |              |                   |
|--|---------------------|--------------|--------------------|----------------|--------------|-------------------|
|  | 2003                |              |                    | 2002           |              |                   |
|  | Appropriations      | Expenditures | Lapsed Balances ** | Appropriations | Expenditures | Lapsed Balances** |
| NATURAL RESOURCES PROTECTION FUND -<br>WATER POLLUTION PERMIT<br>FEE SUBACCOUNT  |                     |              |                    |                |              |                   |
| Personal Service   | 31,942              | 31,942       | 0                  | 31,942         | 31,942       | 0                 |
| Expense and Equipment  | 4,715               | 4,715        | 0                  | 4,715          | 4,715        | 0                 |
| Total Natural Resources Protection<br>Fund - Water Pollution Permit<br>Fee Subaccount  |                     |              |                    |                |              |                   |
|  | 36,657              | 36,657       | 0                  | 36,657         | 36,657       | 0                 |
| SOLID WASTE MANAGEMENT SPECIAL<br>REVENUE FUND   |                     |              |                    |                |              |                   |
| Personal Service   | 31,942              | 31,942       | 0                  | 31,942         | 31,942       | 0                 |
| Expense and Equipment  | 5,215               | 5,215        | 0                  | 5,215          | 5,215        | 0                 |
| Total Solid Waste Management<br>Special Revenue Fund   |                     |              |                    |                |              |                   |
|  | 37,157              | 37,157       | 0                  | 37,157         | 37,157       | 0                 |
| PETROLEUM STORAGE TANK<br>INSURANCE FUND   |                     |              |                    |                |              |                   |
| Personal Service   | 21,930              | 21,930       | 0                  | 21,930         | 21,930       | 0                 |
| Total Petroleum Storage Tank<br>Insurance Fund   |                     |              |                    |                |              |                   |
|  | 21,930              | 21,930       | 0                  | 21,930         | 21,930       | 0                 |
| MOTOR VEHICLE COMMISSION FUND  |                     |              |                    |                |              |                   |
| Personal Service   | 33,392              | 0            | 33,392             | 33,392         | 0            | 33,392            |
| Expense and Equipment  | 11,300              | 0            | 11,300             | 11,300         | 0            | 11,300            |
| Total Motor Vehicle<br>Commission Fund   |                     |              |                    |                |              |                   |
|  | 44,692              | 0            | 44,692             | 44,692         | 0            | 44,692            |
| HEALTH SPA REGULATORY FUND   |                     |              |                    |                |              |                   |
| Expense and Equipment  | 5,000               | 0            | 5,000              | 5,000          | 0            | 5,000             |
| Total Health Spa Regulatory Fund   |                     |              |                    |                |              |                   |
|  | 5,000               | 0            | 5,000              | 5,000          | 0            | 5,000             |
| NATURAL RESOURCES PROTECTION<br>FUND - AIR POLLUTION PERMIT FEE<br>SUBACCOUNT  |                     |              |                    |                |              |                   |
| Personal Service   | 31,930              | 31,930       | 0                  | 31,930         | 31,930       | 0                 |
| Expense and Equipment  | 4,715               | 4,715        | 0                  | 4,715          | 4,715        | 0                 |
| Total Natural Resources Protection<br>Fund - Air Pollution Permit<br>Fee Subaccount  |                     |              |                    |                |              |                   |
|  | 36,645              | 36,645       | 0                  | 36,645         | 36,645       | 0                 |
| COURT COSTS FUND   |                     |              |                    |                |              |                   |
| Expense and Equipment  | 187,000             | 167,155      | 19,845             | 187,000        | 187,000      | 0                 |
| Total Court Costs Fund   |                     |              |                    |                |              |                   |
|  | 187,000             | 167,155      | 19,845             | 187,000        | 187,000      | 0                 |
| DEPARTMENT OF SOCIAL SERVICES -<br>FEDERAL AND OTHER FUND  |                     |              |                    |                |              |                   |
| Personal Service   | 71,240              | 71,227       | 13                 | 0              | 0            | 0                 |
| Expense and Equipment  | 10,232              | 10,232       | 0                  | 0              | 0            | 0                 |
| Total Department Of Social Service -<br>Federal and Other Fund   |                     |              |                    |                |              |                   |
|  | 81,472              | 81,459       | 13                 | 0              | 0            | 0                 |
| SOIL AND WATER SALES TAX FUND  |                     |              |                    |                |              |                   |
| Personal Service   | 10,645              | 10,645       | 0                  | 10,645         | 10,635       | 10                |
| Expense and Equipment  | 2,267               | 2,267        | 0                  | 2,267          | 2,267        | 0                 |
| Total Soil And Water Sales<br>Tax Fund   |                     |              |                    |                |              |                   |
|  | 12,912              | 12,912       | 0                  | 12,912         | 12,902       | 10                |
| MERCHANDISING PRACTICES<br>REVOLVING FUND  |                     |              |                    |                |              |                   |
| Personal Service   | 592,539             | 545,660      | 46,879             | 592,539        | 592,500      | 39                |
| Expense and Equipment  | 1,962,480           | 1,187,135    | 775,345            | 1,962,480      | 878,964      | 1,083,516         |
| Payment of real property leases, related<br>services, utilities and systems<br>furniture; and structural<br>modifications for new FTE - Expense<br>and Equipment |                     |              |                    |                |              |                   |
|  | 139,110             | 139,110      | 0                  | 278,220        | 139,110      | 139,110           |
| Total Merchandise Practices<br>Revolving Fund  |                     |              |                    |                |              |                   |
|  | 2,694,129           | 1,871,905    | 822,224            | 2,833,239      | 1,610,574    | 1,222,665         |

## Exhibit C

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

|  | Year Ended June 30, |              |                    |                |              |                   |
|--|---------------------|--------------|--------------------|----------------|--------------|-------------------|
|  | 2003                |              |                    | 2002           |              |                   |
|  | Appropriations      | Expenditures | Lapsed Balances ** | Appropriations | Expenditures | Lapsed Balances** |
| WORKERS' COMPENSATION FUND   |                     |              |                    |                |              |                   |
| Personal Service   | 229,150             | 229,150      | 0                  | 229,150        | 229,150      | 0                 |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 93,025              | 93,025       | 0                  | 186,050        | 93,025       | 93,025            |
| Expense and Equipment  | 225,121             | 56,991       | 168,130            | 225,121        | 47,976       | 177,145           |
| Total Workers' Compensation Fund   | 547,296             | 379,166      | 168,130            | 640,321        | 370,151      | 270,170           |
| WORKERS' COMPENSATION - -SECOND INJURY FUND  |                     |              |                    |                |              |                   |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 95,153              | 95,153       | 0                  | 190,306        | 95,153       | 95,153            |
| Personal Service   | 1,558,924           | 1,558,757    | 167                | 1,518,924      | 1,518,919    | 5                 |
| Expense and Equipment  | 505,107             | 442,278      | 62,829             | 483,632        | 335,271      | 148,361           |
| Total Workers' Compensation - Second Injury Fund   | 2,159,184           | 2,096,188    | 62,996             | 2,192,862      | 1,949,343    | 243,519           |
| LOTTERY ENTERPRISE FUND  |                     |              |                    |                |              |                   |
| Personal Service   | 48,383              | 48,374       | 9                  | 48,383         | 48,202       | 181               |
| Total Lottery Enterprise Fund  | 48,383              | 48,374       | 9                  | 48,383         | 48,202       | 181               |
| ANTITRUST REVOLVING FUND   |                     |              |                    |                |              |                   |
| Personal Service   | 324,418             | 322,563      | 1,855              | 324,418        | 225,084      | 99,334            |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 9,499               | 9,499        | 0                  | 18,998         | 9,499        | 9,499             |
| Expense and Equipment  | 254,400             | 45,197       | 209,203            | 254,400        | 28,819       | 225,581           |
| Total Antitrust Revolving Fund   | 588,317             | 377,259      | 211,058            | 597,816        | 263,402      | 334,414           |
| HAZARDOUS WASTE FUND   |                     |              |                    |                |              |                   |
| Personal Service   | 31,930              | 31,905       | 25                 | 31,930         | 31,905       | 25                |
| Expense and Equipment  | 4,715               | 4,715        | 0                  | 4,715          | 4,715        | 0                 |
| Total Hazardous Waste Fund   | 36,645              | 36,620       | 25                 | 36,645         | 36,620       | 25                |
| SAFE DRINKING WATER FUND   |                     |              |                    |                |              |                   |
| Personal Service   | 10,657              | 10,657       | 0                  | 10,657         | 10,657       | 0                 |
| Expense and Equipment  | 2,265               | 2,265        | 0                  | 2,265          | 2,265        | 0                 |
| Total Safe Drinking Water Fund   | 12,922              | 12,922       | 0                  | 12,922         | 12,922       | 0                 |
| HAZARDOUS WASTE REMEDIAL FUND  |                     |              |                    |                |              |                   |
| Personal Service   | 216,529             | 216,527      | 2                  | 216,529        | 216,520      | 9                 |
| Expense and Equipment  | 10,165              | 10,165       | 0                  | 10,165         | 10,165       | 0                 |
| Total Hazardous Waste Remedial Fund  | 226,694             | 226,692      | 2                  | 226,694        | 226,685      | 9                 |
| INMATE INCARCERATION REIMBURSEMENT ACT REVOLVING FUND  |                     |              |                    |                |              |                   |
| Expense and Equipment  | 11,700              | 0            | 11,700             | 11,700         | 314          | 11,386            |
| Personal Service   | 21,905              | 21,650       | 255                | 21,905         | 21,330       | 575               |
| Total Inmate Incarceration Reimbursement Act Revolving Fund  | 33,605              | 21,650       | 11,955             | 33,605         | 21,644       | 11,961            |

Exhibit C

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

|                                   | Year Ended June 30, |              |                    |                |              |                   |
|-----------------------------------|---------------------|--------------|--------------------|----------------|--------------|-------------------|
|                                   | 2003                |              |                    | 2002           |              |                   |
|                                   | Appropriations      | Expenditures | Lapsed Balances ** | Appropriations | Expenditures | Lapsed Balances** |
| MINED LAND RECLAMATION FUND       |                     |              |                    |                |              |                   |
| Personal Service                  | 10,645              | 10,593       | 52                 | 10,645         | 10,639       | 6                 |
| Expense and Equipment             | 2,262               | 2,262        | 0                  | 2,262          | 2,262        | 0                 |
| Total Mined Land Reclamation Fund | 12,907              | 12,855       | 52                 | 12,907         | 12,901       | 6                 |
| Total All Funds                   | \$ 22,782,157       | 18,611,660   | 4,170,497          | 23,904,376     | 18,634,271   | 5,270,105         |

\* Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2002.

\*\* Office officials indicated the lapsed balances included the following withholdings made at the Governor's request:

|  | Year Ended June 30, |       |
|--|---------------------|-------|
|  | 2003                | 2002  |
| General Revenue Fund - State   |                     |       |
| Medicaid Fraud Unit - Expense and Equipment  | \$ 3,802            | 0     |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 0                   | 8,323 |
| Expenses related to Americans with Disabilities Act cases - Expense and Equipment  | 191                 | 0     |
| Expense and Equipment  | 64,200              | 0     |
| Total  | \$ 68,193           | 8,323 |

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit C

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

|  | Year Ended June 30, |              |                 |                |              |                 |
|--|---------------------|--------------|-----------------|----------------|--------------|-----------------|
|  | 2001                |              |                 | 2000           |              |                 |
|  | Appropriations      | Expenditures | Lapsed Balances | Appropriations | Expenditures | Lapsed Balances |
| GENERAL REVENUE FUND - STATE   |                     |              |                 |                |              |                 |
| Personal Service   | \$ 10,093,536       | 9,796,327    | 297,209         | 9,526,893      | 9,153,906    | 372,987         |
| Medicaid Fraud Unit - Expense and Equipment  | 149,113             | 131,241      | 17,872          | 149,113        | 117,567      | 31,546          |
| Expense and Equipment - Special Appropriation For A Specific Legal Case  | 63,027              | 63,027       | 0               | 0              | 0            | 0               |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 260,578             | 256,218      | 4,360           | 209,840        | 209,840      | 0               |
| Medicaid Fraud Unit - Personal Service   | 192,769             | 43,772       | 148,997         | 184,621        | 92,399       | 92,222          |
| Expenses related to Americans with Disabilities Act cases - Personal Service   | 56,762              | 56,312       | 450             | 54,458         | 52,824       | 1,634           |
| Expenses related to Americans with Disabilities Act cases - Expense and Equipment  | 31,360              | 3,503        | 27,857          | 31,360         | 14,170       | 17,190          |
| Expense and Equipment  | 2,417,078           | 2,416,678    | 400             | 2,409,764      | 2,409,764    | 0               |
| Participation by the State of Missouri in the National Association of Attorneys General - Expense and Equipment                                      | 39,962              | 39,962       | 0               | 39,962         | 39,962       | 0               |
| Total General Revenue Fund - State   | 13,304,185          | 12,807,040   | 497,145         | 12,606,011     | 12,090,432   | 515,579         |
| GENERAL REVENUE FUND - FEDERAL   |                     |              |                 |                |              |                 |
| Domestic Violence  | 100,000             | 0            | 100,000         | 0              | 0            | 0               |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 94,892              | 37,014       | 57,878          | 89,700         | 41,211       | 48,489          |
| Medicaid Fraud Unit - Personal Service   | 693,923             | 446,753      | 247,170         | 666,419        | 431,681      | 234,738         |
| Medicaid Fraud Unit - Expense and Equipment  | 809,711             | 0            | 809,711         | 809,711        | 915          | 808,796         |
| Personal Service   | 359,243             | 47,310       | 311,933         | 347,069        | 62,009       | 285,060         |
| Expense and Equipment  | 485,170             | 0            | 485,170         | 485,170        | 0            | 485,170         |
| Total General Revenue Fund - Federal   | 2,542,939           | 531,077      | 2,011,862       | 2,398,069      | 535,816      | 1,862,253       |
| GAMING COMMISSION FUND   |                     |              |                 |                |              |                 |
| Personal Service   | 94,540              | 94,523       | 17              | 90,701         | 90,701       | 0               |
| Expense and Equipment  | 30,747              | 20,408       | 10,339          | 30,747         | 14,346       | 16,401          |
| Total Gaming Commission Fund   | 125,287             | 114,931      | 10,356          | 121,448        | 105,047      | 16,401          |
| NATURAL RESOURCES PROTECTION FUND - WATER POLLUTION PERMIT FEE SUBACCOUNT  |                     |              |                 |                |              |                 |
| Personal Service   | 31,782              | 31,245       | 537             | 30,555         | 30,555       | 0               |
| Expense and Equipment  | 4,715               | 4,715        | 0               | 4,715          | 4,715        | 0               |
| Total Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount  | 36,497              | 35,960       | 537             | 35,270         | 35,270       | 0               |
| SOLID WASTE MANAGEMENT SPECIAL REVENUE FUND  |                     |              |                 |                |              |                 |
| Personal Service   | 31,782              | 31,742       | 40              | 30,555         | 30,555       | 0               |
| Expense and Equipment  | 5,215               | 5,215        | 0               | 5,215          | 5,215        | 0               |
| Total Solid Waste Management Special Revenue Fund  | 36,997              | 36,957       | 40              | 35,770         | 35,770       | 0               |
| PETROLEUM STORAGE TANK INSURANCE FUND  |                     |              |                 |                |              |                 |
| Personal Service   | 21,825              | 20,753       | 1,072           | 21,000         | 20,410       | 590             |
| Total Petroleum Storage Tank Insurance Fund  | 21,825              | 20,753       | 1,072           | 21,000         | 20,410       | 590             |
| MOTOR VEHICLE COMMISSION FUND  |                     |              |                 |                |              |                 |
| Personal Service   | 33,182              | 0            | 33,182          | 31,737         | 0            | 31,737          |
| Expense and Equipment  | 11,300              | 0            | 11,300          | 11,300         | 0            | 11,300          |
| Total Motor Vehicle Commission Fund  | 44,482              | 0            | 44,482          | 43,037         | 0            | 43,037          |
| HEALTH SPA REGULATORY FUND   |                     |              |                 |                |              |                 |
| Expense and Equipment  | 5,000               | 0            | 5,000           | 5,000          | 5,000        | 0               |
| Total Health Spa Regulatory Fund   | 5,000               | 0            | 5,000           | 5,000          | 5,000        | 0               |

## Exhibit C

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

|  | Year Ended June 30, |                  |                 |                  |                  |                 |
|--|---------------------|------------------|-----------------|------------------|------------------|-----------------|
|  | 2001                |                  |                 | 2000             |                  |                 |
|  | Appropriations      | Expenditures     | Lapsed Balances | Appropriations   | Expenditures     | Lapsed Balances |
| NATURAL RESOURCES PROTECTION FUND - AIR POLLUTION PERMIT FEE SUBACCOUNT  |                     |                  |                 |                  |                  |                 |
| Personal Service   | 31,772              | 31,642           | 130             | 30,553           | 30,553           | 0               |
| Expense and Equipment  | 4,715               | 4,715            | 0               | 4,715            | 4,715            | 0               |
| Total Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount  | <u>36,487</u>       | <u>36,357</u>    | <u>130</u>      | <u>35,268</u>    | <u>35,268</u>    | <u>0</u>        |
| COURT COSTS FUND   |                     |                  |                 |                  |                  |                 |
| Expense and Equipment  | 187,000             | 149,701          | 37,299          | 187,000          | 187,000          | 0               |
| Total Court Costs Fund   | <u>187,000</u>      | <u>149,701</u>   | <u>37,299</u>   | <u>187,000</u>   | <u>187,000</u>   | <u>0</u>        |
| SOIL AND WATER SALES TAX FUND  |                     |                  |                 |                  |                  |                 |
| Personal Service   | 10,592              | 10,544           | 48              | 10,185           | 10,185           | 0               |
| Expense and Equipment  | 2,267               | 2,267            | 0               | 2,267            | 2,267            | 0               |
| Total Soil And Water Sales Tax Fund  | <u>12,859</u>       | <u>12,811</u>    | <u>48</u>       | <u>12,452</u>    | <u>12,452</u>    | <u>0</u>        |
| MERCHANDISING PRACTICES REVOLVING FUND   |                     |                  |                 |                  |                  |                 |
| Personal Service   | 487,329             | 437,327          | 50,002          | 207,332          | 207,332          | 0               |
| Expense and Equipment  | 763,716             | 763,716          | 0               | 220,780          | 220,780          | 0               |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 115,784             | 115,784          | 0               | 104,220          | 104,220          | 0               |
| Total Merchandise Practices Revolving Fund   | <u>1,366,829</u>    | <u>1,316,827</u> | <u>50,002</u>   | <u>532,332</u>   | <u>532,332</u>   | <u>0</u>        |
| WORKERS' COMPENSATION FUND   |                     |                  |                 |                  |                  |                 |
| Personal Service   | 227,785             | 210,762          | 17,023          | 218,157          | 213,892          | 4,265           |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 91,719              | 91,707           | 12              | 91,719           | 91,719           | 0               |
| Expense and Equipment  | 225,121             | 149,804          | 75,317          | 225,121          | 43,884           | 181,237         |
| Total Workers' Compensation Fund   | <u>544,625</u>      | <u>452,273</u>   | <u>92,352</u>   | <u>534,997</u>   | <u>349,495</u>   | <u>185,502</u>  |
| WORKERS' COMPENSATION - SECOND INJURY FUND   |                     |                  |                 |                  |                  |                 |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 93,847              | 93,847           | 0               | 84,348           | 84,348           | 0               |
| Personal Service   | 1,509,684           | 1,474,834        | 34,850          | 1,304,200        | 1,259,155        | 45,045          |
| Expense and Equipment  | 518,232             | 463,922          | 54,310          | 436,832          | 436,633          | 199             |
| Total Workers' Compensation - Second Injury Fund   | <u>2,121,763</u>    | <u>2,032,603</u> | <u>89,160</u>   | <u>1,825,380</u> | <u>1,780,136</u> | <u>45,244</u>   |
| LOTTERY ENTERPRISE FUND  |                     |                  |                 |                  |                  |                 |
| Personal Service   | 48,173              | 47,667           | 506             | 46,434           | 34,661           | 11,773          |
| Total Lottery Enterprise Fund  | <u>48,173</u>       | <u>47,667</u>    | <u>506</u>      | <u>46,434</u>    | <u>34,661</u>    | <u>11,773</u>   |
| ANTITRUST REVOLVING FUND   |                     |                  |                 |                  |                  |                 |
| Personal Service   | 322,948             | 321,352          | 1,596           | 197,651          | 172,458          | 25,193          |
| Payment of real property leases, related services, utilities and systems furniture; and structural modifications for new FTE - Expense and Equipment | 9,499               | 9,499            | 0               | 0                | 0                | 0               |
| Expense and Equipment  | 254,400             | 164,545          | 89,855          | 251,552          | 143,306          | 108,246         |
| Total Antitrust Revolving Fund   | <u>586,847</u>      | <u>495,396</u>   | <u>91,451</u>   | <u>449,203</u>   | <u>315,764</u>   | <u>133,439</u>  |
| HAZARDOUS WASTE FUND   |                     |                  |                 |                  |                  |                 |
| Personal Service   | 31,772              | 31,438           | 334             | 30,553           | 30,553           | 0               |
| Expense and Equipment  | 4,715               | 4,715            | 0               | 4,715            | 4,715            | 0               |
| Total Hazardous Waste Fund   | <u>36,487</u>       | <u>36,153</u>    | <u>334</u>      | <u>35,268</u>    | <u>35,268</u>    | <u>0</u>        |
| SAFE DRINKING WATER FUND   |                     |                  |                 |                  |                  |                 |
| Personal Service   | 10,602              | 10,602           | 0               | 10,187           | 10,187           | 0               |
| Expense and Equipment  | 2,265               | 2,265            | 0               | 2,265            | 2,265            | 0               |
| Total Safe Drinking Water Fund   | <u>12,867</u>       | <u>12,867</u>    | <u>0</u>        | <u>12,452</u>    | <u>12,452</u>    | <u>0</u>        |
| HAZARDOUS WASTE REMEDIAL FUND  |                     |                  |                 |                  |                  |                 |
| Personal Service   | 215,634             | 214,608          | 1,026           | 208,023          | 208,023          | 0               |
| Expense and Equipment  | 10,165              | 10,165           | 0               | 10,165           | 10,165           | 0               |
| Total Hazardous Waste Remedial Fund  | <u>225,799</u>      | <u>224,773</u>   | <u>1,026</u>    | <u>218,188</u>   | <u>218,188</u>   | <u>0</u>        |



Exhibit C

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

|   | Year Ended June 30, |              |                 |                |              |                 |
|---|---------------------|--------------|-----------------|----------------|--------------|-----------------|
|   | 2001                |              |                 | 2000           |              |                 |
|   | Appropriations      | Expenditures | Lapsed Balances | Appropriations | Expenditures | Lapsed Balances |
| INMATE INCARCERATION REIMBURSEMENT                          |                     |              |                 |                |              |                 |
| ACT REVOLVING FUND  |                     |              |                 |                |              |                 |
| Expense and Equipment                                       | 11,700              | 1,987        | 9,713           | 11,700         | 7,865        | 3,835           |
| Personal Service  | 21,695              | 21,120       | 575             | 20,475         | 20,475       | 0               |
| Total Inmate Incarceration Reimbursement Act Revolving Fund | 33,395              | 23,107       | 10,288          | 32,175         | 28,340       | 3,835           |
| MINED LAND RECLAMATION FUND                                 |                     |              |                 |                |              |                 |
| Personal Service  | 10,592              | 10,592       | 0               | 10,185         | 10,185       | 0               |
| Expense and Equipment                                       | 2,262               | 2,262        | 0               | 2,262          | 2,262        | 0               |
| Total Mined Land Reclamation Fund                           | 12,854              | 12,854       | 0               | 12,447         | 12,447       | 0               |
| Total All Funds   | \$ 21,343,197       | 18,400,107   | 2,943,090       | 19,199,201     | 16,381,548   | 2,817,653       |

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Supplementary Data

## Schedule 1

OFFICE OF ATTORNEY GENERAL  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

|                                    | Year Ended June 30,  |                   |                   |                   |
|------------------------------------|----------------------|-------------------|-------------------|-------------------|
|                                    | 2003                 | 2002              | 2001              | 2000              |
| Salaries and wages                 | \$ 13,692,929        | 13,833,257        | 13,391,223        | 12,172,698        |
| Travel, in-state                   | 437,581              | 457,180           | 406,511           | 421,896           |
| Travel, out-of-state               | 114,727              | 138,273           | 219,587           | 211,215           |
| Fuel and utilities                 | 33,752               | 35,721            | 30,462            | 28,794            |
| Supplies                           | 980,370              | 891,090           | 731,923           | 557,156           |
| Professional development           | 160,342              | 178,121           | 190,492           | 192,645           |
| Communication service and supplies | 605,067              | 209,563           | 322,606           | 392,571           |
| Services:                          |                      |                   |                   |                   |
| Health                             | 0                    | 0                 | 0                 | 1,867             |
| Business                           | 0                    | 0                 | 194,649           | 119,235           |
| Professional                       | 789,671              | 586,240           | 510,320           | 448,056           |
| Housekeeping and janitorial        | 68,238               | 68,630            | 54,676            | 16,307            |
| Maintenance and repair             | 243,639              | 202,675           | 159,737           | 126,593           |
| Equipment:                         |                      |                   |                   |                   |
| Computer                           | 348,553              | 269,298           | 422,288           | 415,918           |
| Electronic and photo               | 0                    | 0                 | 31,397            | 16,812            |
| Motorized                          | 120,423              | 105,166           | 131,717           | 64,111            |
| Office                             | 138,134              | 95,960            | 226,063           | 135,138           |
| Other                              | 96,862               | 102,627           | 0                 | 0                 |
| Specific use                       | 0                    | 0                 | 911               | 1,374             |
| Property and improvements          | 1,347                | 0                 | 38,915            | 2,940             |
| Real property rentals and leases   | 729,740              | 739,020           | 662,364           | 464,967           |
| Equipment rental and leases        | 6,249                | 6,588             | 6,124             | 20,802            |
| Miscellaneous expenses             | 44,036               | 21,504            | 56,378            | 12,146            |
| Rebillable expenses                | 0                    | 692,692           | 611,762           | 558,310           |
| Refunds                            | 0                    | 667               | 0                 | 0                 |
| Total Expenditures                 | \$ <u>18,611,660</u> | <u>18,634,271</u> | <u>18,400,107</u> | <u>16,381,548</u> |

Note: Certain classifications of expenditures changed during the four-year period, which may affect the comparability of the amounts.

The accompanying Note to the Supplementary Data is an integral part of this statement.

## Schedule 2

OFFICE OF ATTORNEY GENERAL  
STATEMENT OF CHANGES IN GENERAL CAPITAL ASSETS

| All Funds              | Furniture<br>and Equipment | Motor<br>Vehicles | Total       |
|------------------------|----------------------------|-------------------|-------------|
| Balance, July 1, 1999  | \$ 3,976,477               | 455,073           | 4,431,550   |
| Additions              | 462,951                    | 64,111            | 527,062     |
| Dispositions           | (500,390)                  | (33,620)          | (534,010)   |
| Balance, June 30, 2000 | 3,939,038                  | 485,564           | 4,424,602   |
| Additions              | 522,295                    | 131,717           | 654,012     |
| Dispositions           | (1,700,780)                | (104,321)         | (1,805,101) |
| Balance, June 30, 2001 | 2,760,553                  | 512,960           | 3,273,513   |
| Additions              | 401,142                    | 105,166           | 506,308     |
| Dispositions           | (196,052)                  | (89,156)          | (285,208)   |
| Balance, June 30, 2002 | 2,965,643                  | 528,970           | 3,494,613   |
| Additions              | 440,390                    | 120,423           | 560,813     |
| Dispositions           | (357,229)                  | (96,225)          | (453,454)   |
| Balance, June 30, 2003 | \$ 3,048,804               | 553,168           | 3,601,972   |

| Fund of Acquisition           | Balance<br>June 30, 2003 |
|-------------------------------|--------------------------|
| General Revenue Fund-State    | \$ 2,292,669             |
| General Revenue Fund-Federal  | 70,488                   |
| Gaming Commission Fund        | 4,205                    |
| Motor Vehicle Commission Fund | 233                      |
| Merchandising Practices       |                          |
| Revolving Fund                | 348,911                  |
| Workers' Compensation Fund    | 253,355                  |
| Workers' Compensation -       |                          |
| Second Injury Fund            | 517,374                  |
| Antitrust Revolving Fund      | 97,962                   |
| Department of Natural         |                          |
| Resources Funds               | 15,050                   |
| Health Spa Regulatory Fund    | 1,725                    |
| Total All Funds               | \$ 3,601,972             |

The accompanying Note to the Supplementary Data is an integral part of this statement.

## Notes to the Financial Statements and Supplementary Data

OFFICE OF ATTORNEY GENERAL  
NOTES TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for each fund of the Office of Attorney General.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the General Revenue Fund-Federal, Court Costs Fund, Antitrust Revolving Fund, Merchandising Practices Revolving Fund, Merchandising Practices Restitution Account, Health Spa Regulatory Fund, Inmate Incarceration Reimbursement Act Revolving Fund, and Multi-State Consumer Fraud Accounts. Appropriations from these funds, excluding the Merchandising Practices Restitution Account and Multi-State Consumer Fraud Accounts, are expended by or for the office for restricted purposes. The Merchandising Practices Restitution Account and Multi-State Consumer Fraud Accounts are controlled entirely by the office and are not subject to appropriations.

The "Total (Memorandum Only)" column is presented as additional analytical data. Because this column does not identify the restrictions that exist by fund, it should be read only with reference to the details of each fund.

Receipts are presented in Exhibit B for the General Revenue Fund-State, Workers' Compensation-Second Injury Fund, Tort Victims' Compensation Fund, Workers' Compensation Fund, Healthy Families Trust Fund, Natural Resources Protection Fund-Water Pollution Permit Fee Subaccount, and Hazardous Waste Fund. Receipts include monies the office collects during its normal activities and remits to the funds. These amounts are not necessarily related to appropriations.

Appropriations, presented in Exhibit C, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the office's expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the office and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statements of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, present amounts when they are received or disbursed.

The Statement of Receipts, Exhibit B, also prepared on the cash basis of accounting, presents amounts when received.

The Statements of Appropriations and Expenditures, Exhibit C, are presented on the state's legal budgetary basis of accounting. For years ended on or after June 30, 2001, expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The office administers transactions in the funds listed below. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly, except for the Merchandising Practices Restitution Account and Multi-State Consumer Fraud Accounts which are controlled entirely by the office.

General Revenue Fund-Federal: The office administers programs financed wholly or partially by federal monies maintained in the state treasury in the Office of Attorney General's Federal Account. These federal monies may be received in advance, when related expenditures are made, or after they are made. Appropriations from this fund authorize disbursement of the office's federal monies.

Court Costs Fund: This fund was established by Section 27.080, RSMo, for the receipt of deposits and the payment of court costs incurred in any litigation in which it is the duty of the office to defend, prosecute, or appeal. The fund consists of monies transferred by the General Assembly from the state's General Revenue Fund

and refunds of any deposits or court costs. Expenditures are authorized by appropriation and balances remaining in the fund are perpetually maintained for the purpose of the fund.

Antitrust Revolving Fund: This fund was established by Section 416.081, RSMo, to pay costs incurred by the office in the investigation, prosecution, and enforcement of state and federal antitrust related laws. Transfers made by the General Assembly from the state's General Revenue Fund, 10 percent of any settlements, and all court costs recovered pursuant to litigation are deposited into this fund. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Merchandising Practices Revolving Fund: This fund was established by Section 407.140, RSMo, to pay costs incurred by the office in the investigation, prosecution, and enforcement of state merchandising practices laws, and to provide funds for consumer education and advocacy programs. Transfers made by the General Assembly from the state's General Revenue Fund, 10 percent of any court-ordered restitution, court costs recovered, and any unclaimed restitutions, are deposited into this fund. Balances remaining in the fund are perpetually maintained for the purpose of the fund.

Merchandising Practices Restitution Account: This bank account was established by the office to receive any restitution awarded by the courts for violation of state merchandising practices laws. Payments from the account provide restitution to parties who can present proof they were affected by the violations. Restitutions remaining unclaimed are transferred to the Merchandising Practices Revolving Fund.

Health Spa Regulatory Fund: This fund was established by Section 407.327, RSMo, for the receipt of health spa registration fees. Monies in the fund are to be used solely for the administration of Sections 407.235 to 407.340, RSMo, relating to the regulation of health spas.

Inmate Incarceration Reimbursement Act Revolving Fund: This fund was established by Section 217.841, RSMo. Monies deposited into this fund represent 20 percent of the reimbursements recovered for the cost of care of prisoners in a state correctional facility, and are considered investigative costs. Expenditures are authorized by appropriation and balances remaining in the fund are perpetually maintained for the purpose of the fund.

Multi-State Consumer Fraud Accounts: These bank accounts were established by the office to receive funds related to several multi-state consumer fraud cases. Some of these fund are to be distributed according to instructions from the claim administrator(s) and other funds are to be used to pay litigation expenses and costs related to certain programs.



General Revenue Fund-State: The office receives appropriations from this fund and does not maintain a proprietary interest in the fund. Appropriations from the fund are used for the basic operation of the office, including those programs and services that have no other funding source. These appropriations also may be used to initially fund, or to provide matching funds or support for, programs paid wholly or partially from other sources.

Workers' Compensation-Second Injury Fund: Appropriations from this fund authorize expenditures related to the defense of second injury cases. Monies deposited in this fund include penalties and court awards, settlements, and miscellaneous receipts.

Tort Victims' Compensation Fund: This fund was established by Section 537.675, RSMo. Monies deposited into this fund represent 50 percent of any final judgment awarding punitive damages, after the deduction of attorney's fees and expenses. Twenty-six percent of all payments received by this fund is transferred to the Legal Services for Low-Income People Fund to provide legal services to the state's low-income population. Seventy-four percent of all payments received by this fund is appropriated to the Department of Labor and Industrial Relations, Division of Workers' Compensation to assist uncompensated tort victims.

Workers' Compensation Fund: Appropriations from this fund authorize expenditures related to the defense of workers' compensation cases. Monies deposited in this fund represent proceeds from the sale of capital assets.

Healthy Families Trust Fund: This fund was established in February 2001 by the Governor's Executive Order 01-05, to account for the monies received from the tobacco settlement.

Natural Resources Protection Fund-Water Pollution Permit Fee Subaccount: Appropriations from this fund authorize disbursements for legal services related to the enforcement of water pollution laws. Monies deposited in this fund represent recovery cost.

Hazardous Waste Fund: Appropriations from this fund authorize disbursements for legal services related to hazardous waste management laws. Monies deposited in this fund represent miscellaneous receipts.

Gaming Commission Fund: Appropriations from this fund authorize disbursements for legal services related to the Missouri Gaming Commission.

Solid Waste Management Special Revenue Fund: Appropriations from this fund authorize disbursements for legal services related to the enforcement of solid waste management laws.

Petroleum Storage Tank Insurance Fund: Appropriations from this fund authorize disbursements for legal services related to the administration of this fund, which provides insurance for the owner or operator of an underground petroleum storage tank.

Motor Vehicle Commission Fund: Appropriations from this fund authorize disbursements for legal services related to the Missouri Motor Vehicle Commission.

Natural Resources Protection Fund-Air Pollution Permit Fee Subaccount: Appropriations from this fund authorize disbursements for legal services related to the enforcement of air pollution laws.

Department of Social Services-Federal and Other Fund: Appropriations from this fund authorize disbursements for legal services for the Department of Social Services related to income maintenance, general collections, and appeal cases.

Soil and Water Sales Tax Fund: Appropriations from this fund authorize disbursements for legal services related to soil and water conservation.

Lottery Enterprise Fund: Appropriations from this fund authorize disbursements for legal services related to the State Lottery Commission.

Safe Drinking Water Fund: Appropriations from this fund authorize disbursements for legal services related to the enforcement of safe drinking water laws.

Hazardous Waste Remedial Fund: Appropriations from this fund authorize disbursements for legal services related to the enforcement of hazardous waste laws.

Mined Land Reclamation Fund: Appropriations from this fund authorize disbursements for legal services related to the enforcement of land reclamation laws.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the General Revenue Fund-Federal, Antitrust Revolving Fund, Merchandising Practices Revolving Fund, and Inmate Incarceration Reimbursement Act Revolving Fund for costs related to salaries paid from those funds. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statements at Exhibit C.

2. Cash

- A. The balances of the General Revenue Fund-Federal, Court Costs Fund, Antitrust Revolving Fund, Health Spa Regulatory Fund, and Inmate Incarceration Reimbursement Act Revolving Fund are pooled with other state funds and invested by the state treasurer.
- B. Merchandising Practices Revolving Fund: The balance of the Merchandising Practices Revolving Fund is pooled and invested by the state treasurer.

In addition, the office has two bank accounts outside the state treasury with funding provided by the Merchandising Practices Revolving Fund. These accounts are in the custody of the office. The office's deposits at June 30, 2003, 2002, 2001, and 2000, were entirely covered by federal depository insurance.

- C. Merchandising Practices Restitution Account: Amounts in the Merchandising Practices Restitution Account represent cash which is in the custody of the office. The office's deposits at June 30, 2003, 2002, 2001, and 2000, were entirely covered by federal depository insurance or by collateral securities held by the custodial bank in the office's name.
- D. Multi-State Consumer Fraud Accounts: Amounts in these accounts represent cash which is in the custody of the office. The office's deposits at June 30, 2003, 2002, 2001, and 2000, were entirely covered by federal depository insurance or by collateral securities held by the custodial bank in the office's name.

3. Article X Refunds

Article X, Sections 16 through 24 of the Missouri Constitution establishes a revenue limit for Missouri State Government. Total state revenue exceeded this limit in fiscal years 1998, 1999, and 2000, which triggered income tax refund liabilities under provisions of the Constitution. The Office of Administration calculated the proportional share of the liabilities to be allocated to each fund and transfers were made from the Court Costs Fund, Antitrust

Revolving Fund, Merchandising Practices Revolving Fund, Health Spa Regulatory Fund, and Inmate Incarceration Reimbursement Act Revolving Fund to the state's General Revenue Fund to cover the fund's share of the liabilities.

4. Leasing Operations

The Office of Administration calculated the proportional share of costs for leasing operations to be allocated to various funds based on each fund's percentage of the state's total lease expenditures in the prior year. Monthly transfers were made from the General Revenue Fund-Federal, Antitrust Revolving Fund, and Merchandising Practices Revolving Fund to the state's General Revenue Fund to cover each fund's share of the costs.

5. Cost Allocation Plan

The Office of Administration calculated the state's costs of services provided by the Office of Administration, Department of Revenue, State Auditor, State Treasurer, and retiree health care to be allocated to the various state funds based on how the various funds create work for the agencies in the pools. Transfers were made from the Court Costs Fund, Antitrust Revolving Fund, Merchandising Practices Revolving Fund, Health Spa Regulatory Fund, and Inmate Incarceration Reimbursement Act Revolving Fund to the state's General Revenue Fund to cover each fund's share of the costs.

6. State Office Building Rent/Maintenance and Repair

The Office of Administration calculated the proportional share of operating costs and maintenance, repair, and renovation costs for the office's occupancy in state-owned buildings. Monthly transfers were made from the Inmate Incarceration Reimbursement Act Revolving Fund to the state's General Revenue Fund to cover the fund's share of the costs.

7. Capital Improvement Projects

The Office of Administration calculated the proportional share of all capital improvement projects for the office's occupancy in state-owned buildings. Quarterly transfers were made from the Inmate Incarceration Reimbursement Act Revolving Fund to the state's General Revenue Fund to cover the fund's share of the costs.

8. Reconciliation of Total Disbursements to Appropriated Expenditures

Disbursements on Exhibit A reconcile to appropriated expenditures on Exhibit C as follows:

| General Revenue Fund - Federal             |            |           |           |           |
|--|------------|-----------|-----------|-----------|
| Year Ended June 30,                        |            |           |           |           |
|  | 2003       | 2002      | 2001      | 2000      |
| DISBURSEMENTS PER EXHIBIT A                | \$ 753,800 | 754,516   | 651,141   | 677,928   |
| Employee fringe benefits                   | (163,620)  | (168,364) | (125,357) | (142,113) |
| Leasing operations                         | (1,325)    | (1,546)   | 0         | 0         |
| Missouri Office of<br>Prosecution Services |            |           |           |           |
| proportional share - leasing               | 6,585      | 6,587     | 5,495     | 0         |
| Other                                      | (3,305)    | 0         | 0         | 0         |
| Lapse period expenditures:                 |            |           |           |           |
| 2000                                       | 0          | 0         | (202)     | 202       |
| 1999                                       | 0          | 0         | 0         | (201)     |
| EXPENDITURES PER EXHIBIT C                 | \$ 592,135 | 591,193   | 531,077   | 535,816   |

  

| Court Costs Fund            |            |         |         |         |
|-----------------------------|------------|---------|---------|---------|
| Year Ended June 30,         |            |         |         |         |
|                             | 2003       | 2002    | 2001    | 2000    |
| DISBURSEMENTS PER EXHIBIT A | \$ 167,734 | 187,106 | 154,692 | 194,259 |
| Cost allocation plan        | (579)      | (579)   | 0       | 0       |
| Other                       | 0          | 946     | (946)   | 0       |
| Lapse period expenditures:  |            |         |         |         |
| 2001                        | 0          | (473)   | 473     | 0       |
| 2000                        | 0          | 0       | (4,218) | 4,218   |
| 1999                        | 0          | 0       | 0       | (8,815) |
| Accounts payable, June 30:  |            |         |         |         |
| 2000                        | 0          | 0       | (300)   | 300     |
| 1999                        | 0          | 0       | 0       | (2,962) |
| EXPENDITURES PER EXHIBIT C  | \$ 167,155 | 187,000 | 149,701 | 187,000 |

  

| Antitrust Revolving Fund    |            |          |          |          |
|-----------------------------|------------|----------|----------|----------|
| Year Ended June 30,         |            |          |          |          |
|                             | 2003       | 2002     | 2001     | 2000     |
| DISBURSEMENTS PER EXHIBIT A | \$ 464,271 | 328,701  | 617,483  | 353,052  |
| Employee fringe benefits    | (82,016)   | (60,269) | (83,510) | (38,462) |
| Leasing operations          | (365)      | (399)    | 0        | 0        |
| Cost allocation plan        | (4,631)    | (4,631)  | 0        | 0        |
| Lapse period expenditures:  |            |          |          |          |
| 2000                        | 0          | 0        | (38,577) | 38,577   |
| 1999                        | 0          | 0        | 0        | (36,515) |
| Accounts payable, June 30:  |            |          |          |          |
| 1999                        | 0          | 0        | 0        | (888)    |
| EXPENDITURES PER EXHIBIT C  | \$ 377,259 | 263,402  | 495,396  | 315,764  |

| Merchandising Practices Revolving Fund        |              |           |           |          |
|---|--------------|-----------|-----------|----------|
| Year Ended June 30,                           |              |           |           |          |
|   | 2003         | 2002      | 2001      | 2000     |
| DISBURSEMENTS PER EXHIBIT A                   | \$ 2,085,656 | 1,838,865 | 1,456,194 | 595,767  |
| Employee fringe benefits                      | (184,033)    | (199,639) | (133,429) | (64,640) |
| Leasing operations                            | (6,041)      | (5,845)   | (4,043)   | 0        |
| Cost allocation plan                          | (22,752)     | (22,752)  | 0         | 0        |
| Other   | (925)        | 0         | (387)     | 0        |
| Lapse period expenditures:                    |              |           |           |          |
| 2000  | 0            | 0         | (497)     | 497      |
| Accounts payable, June 30:                    |              |           |           |          |
| 2000  | 0            | 0         | (820)     | 820      |
| Adjustments to reflect bank account activity: |              |           |           |          |
| 2002  | 0            | (55)      | 0         | 0        |
| 2001  | 0            | 0         | (191)     | 0        |
| 2000  | 0            | 0         | 0         | (112)    |
| EXPENDITURES PER EXHIBIT C                    | \$ 1,871,905 | 1,610,574 | 1,316,827 | 532,332  |

  

| Health Spa Regulatory Fund  |       |      |      |         |
|-----------------------------|-------|------|------|---------|
| Year Ended June 30,         |       |      |      |         |
|                             | 2003  | 2002 | 2001 | 2000    |
| DISBURSEMENTS PER EXHIBIT A | \$ 41 | 41   | 0    | 6,725   |
| Cost allocation plan        | (41)  | (41) | 0    | 0       |
| Lapse period expenditures:  |       |      |      |         |
| 1999                        | 0     | 0    | 0    | (1,725) |
| EXPENDITURES PER EXHIBIT C  | \$ 0  | 0    | 0    | 5,000   |

  

| Inmate Incarceration Reimbursement Act Revolving Fund |           |         |         |         |
|---|-----------|---------|---------|---------|
| Year Ended June 30,                                   |           |         |         |         |
|   | 2003      | 2002    | 2001    | 2000    |
| DISBURSEMENTS PER EXHIBIT A                           | \$ 33,688 | 33,579  | 33,636  | 34,229  |
| Employee fringe benefits                              | (9,032)   | (8,901) | (8,158) | (5,889) |
| Cost allocation plan                                  | (1,063)   | (1,063) | 0       | 0       |
| State office building rent                            | (1,710)   | (1,738) | (2,171) | 0       |
| State office building maintenance and repair          | (233)     | (233)   | (139)   | 0       |
| Capital improvement projects                          | 0         | 0       | (61)    | 0       |
| EXPENDITURES PER EXHIBIT C                            | \$ 21,650 | 21,644  | 23,107  | 28,340  |

## 9. Other Collections

The Environmental Protection Division helps ensure Missouri's environmental laws are enforced. The division obtains civil penalties and recovers costs and damages pertaining to related cases. The monies collected are turned over directly to other entities such as the Department of Natural Resources and to various counties for deposit into the school fund. According to office records, the division collected and turned over approximately \$2,234,000, \$3,449,000, \$1,750,000, and \$2,131,000 in such monies to these entities during the years ended June 30, 2003, 2002, 2001, and 2000, respectively.

The office's Financial Services Unit represents state agencies in collections, bankruptcies and commercial litigation, and pursues recoveries of monies due the Office of Attorney General and other state agencies/departments, including amounts due on defaults on student loans and economic development loans; delinquent audit and lottery commission fees; penalties owed the Ethics Commission; and collections in bankruptcy court. According to office records, this unit collected and turned over approximately \$7,813,000, \$6,616,000, \$638,000, and \$914,000 to other entities during the years ended June 30, 2003, 2002, 2001, and 2000, respectively.

The No Call Unit helps ensure Missouri's no call laws, per Sections 407.1095 to 407.1110 RSMo, are enforced. The unit obtains civil penalties and recovers costs from telemarketers violating the no call laws. According to office records, this unit collected and turned over approximately \$35,000 in civil penalties to various counties during fiscal year 2002.

The Medicaid Fraud Control Unit prosecutes cases involving fraud of the state Medicaid program by health professionals, or abuse or neglect of Medicaid recipient by caregivers. According to office records, this unit collected and turned over approximately \$616,000, \$1,260,000, \$220,000, and \$745,000 to the Department of Social Services during the years ended June 30, 2003, 2002, 2001, and 2000, respectively.

The monies noted above which were received and turned over directly to other departments/entities are not included in the financial statements of the office.

Note to the Supplementary Data:

10. General Capital Assets

During fiscal year 2001, the office converted its capital asset records to the Statewide Advantage for Missouri (SAM II) System. General capital assets are recorded at cost in the general capital assets account group. General capital assets are depreciated on a straight-line basis using various useful life classifications and a salvage value of zero. Accumulated depreciation on general capital assets at June 30, 2003 was approximately \$2,855,450.

## MANAGEMENT ADVISORY REPORT SECTION



Management Advisory Report -  
State Auditor's Findings

OFFICE OF ATTORNEY GENERAL  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the financial statements of the Office of Attorney General (AGO) as of and for the years ended June 30, 2003, 2002, 2001, and 2000, and have issued our report thereon dated February 6, 2004.

The following Management Advisory Report presents our findings arising from our audit of the office's financial statements. During our audit, we also identified certain management practices which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the findings presented in the following report should not be considered all-inclusive of areas needing improvement.

|           |                            |
|-----------|----------------------------|
| <b>1.</b> | <b>Accounts Receivable</b> |
|-----------|----------------------------|

The office needs to improve its accounts receivable records, policies, and procedures. Accounts receivable records are not always accurate and complete, collection efforts need to be performed in a more timely manner, and a list of accounts written-off as uncollectible is not maintained.

In July 2001, the office consolidated most of its collection efforts to recoup money owed to the state, state officers, or state agencies, including restitution for consumers from cases handled by the Consumer Protection Division. This collection effort is handled by the financial services unit (FSU) within the Governmental Entities and Financial Services Division. Any monies received as a result of legal action taken by the unit's attorneys are recorded in both individual manual logs maintained in each case file and computerized receivable records (database). This unit collected approximately \$16 million during the four years ended June 30, 2003.

In addition, the no call unit, within the Consumer Protection Division also maintains accounts receivable records for violations of the state's No Call laws. During the four years ending June 30, 2003, the no call unit collected approximately \$885,900 for the recovery of cost of investigation and/or prosecution of violations and approximately \$35,000 in civil penalties.

Our review of the office's accounts receivable records, policies, and procedures disclosed the following concerns:

- A. The FSU's manual and/or computerized database records are not always complete or accurate. In addition, the unit cannot generate an accounts receivable report with current and accurate balances.

During our review of ten accounts receivable cases, we noted several instances where payments had not been properly recorded in the manual log and/or computerized database. In addition, the beginning receivable balance for two cases was not accurate due to mathematical errors. Also, when the unit upgraded its computerized database in March 2003, the payment histories were not included for all cases. Therefore, the unit cannot generate an accounts receivable report with current and accurate balances for each case.

To ensure all receivables are collected and that collections and disbursements are recorded to the proper case, adequate accounts receivable information should be maintained. In addition, the computerized database information should be periodically reconciled to the detailed receivable records.

According to office officials, the office made several improvements and/or modifications to the computerized database during 2003 and early 2004, including adding the payment histories on most active cases and providing for the generation of reports that reflect payments received for a designated period of time and current balances for each case. They believe the discrepancies noted occurred in the middle of these improvements/modifications.

B. Collection efforts are not always performed in a timely manner.

1. Collection efforts were not performed for several months for 15 out of 20 (75 percent) FSU accounts receivable cases reviewed. In one of these cases, no collection effort had been performed since February 2002. According to FSU personnel, the unit's dedication of its resources toward the collection of child support diverted their attention from the collection effort for the cases reviewed.
2. There appeared to be little collection efforts performed on no call accounts receivable cases since November 2002. As of January 2004, there were eight cases with outstanding balances, totaling approximately \$154,000. According to no call personnel, the unit was not able to pursue collection of outstanding balances due to lack of personnel. According to office management, in the future, the collection of amounts due on no call cases will be handled by the FSU.

To ensure all outstanding receivable balances are properly handled and collected, the AGO should establish policies and procedures to ensure collections efforts are performed in a timely manner.

C. The FSU did not maintain a control list of all uncollectible accounts which had been written-off, and office management does not review and/or approve significant accounts written-off. According to FSU personnel, uncollectible accounts are written-off with the approval of the division's management, and a memo

documenting the basis and authorization for the closure is placed in the individual case file.

To ensure adequate controls over uncollectible accounts, a control list of accounts written-off should be maintained, and office management should review and/or approve significant accounts written-off.

**WE RECOMMEND** the AGO:

- A. Establish policies and procedures to ensure accounts receivable records are accurate and complete. In addition, the office should perform periodic reconciliations of the detailed receivable records and the computerized database.
- B. Establish procedures to ensure collections are pursued in a timely manner.
- C. Maintain a list of accounts written-off as uncollectible. Office management should review and/or approve significant accounts written-off.

**AUDITEE'S RESPONSE**

- A. *As indicated in your report, the Financial Services Division ("FSD") has grown tremendously over the past four years. With the ongoing success of our collection efforts, other state agencies have referred large volumes of collection cases to our office. This often occurs at the recommendation of the Auditor's Office. These agencies include the National Guard, Veterans Commission, Department of Social Services and many others. The AGO has now received the necessary resources and has been in the process of implementing a financial services database that will allow the generation of relevant reports and entry of data. The database system will allow for the recording of information, including current balances and reporting. As discussed in the report, the AGO has been in the process of transitioning its records system from a hard copy database to this new system. Transition to the automated database has been more challenging with the increase in the number of clients and cases. When fully implemented, this new system should address those matters raised in the audit.*

*The AGO agrees with the recommendation to perform a periodic reconciliation of the receivable record with the computer database and will implement a policy.*

- B. *It is important to note that the cases referred to the FSD are the hardest to collect on. The AGO must consider the amount owed, the difficulty in collecting and the large volume of work to be performed in this area. During the audit, your office reviewed 60 files, of which only 20 had a remaining balance. It is inaccurate to assume that all these cases were not reviewed or acted upon according to AGO policies. For example, with the volume of work, we must prioritize cases. Often, cases with a low chance of collectibility are reviewed on an annual basis only.*

*With the implementation of the new database, the FSD has the capability to perform searches and prepare reports on numerous topics, including aging of accounts receivables and rechecking of payments. The office will use this system to generate reports for certain time periods (monthly/quarterly) to ensure payment and collection efforts are pursued in a consistent manner.*

*The statements made on child support were taken out of context. Due to our success in collecting debt for the state, our office was asked to assist the state in the collection of back due child support. Your office is aware of the magnitude of this problem. Our office took this on without hesitation. Over the years, the state has not adequately addressed the need to collect its debts in a manner that ensures the most money is collected. Obviously, the more resources devoted to collection efforts results in more cases being handled and more money coming in.*

*As indicated in the audit, No Call receivables will move to the FSD for collection as collection work from other areas of the office have been consolidated in recent years for collection efforts. The No Call collection cases will be prioritized in a manner consistent with the other collection cases. This will allow the office to put to use the much requested and now available database.*

- C. *The AGO already has a process in place to close cases as uncollectible. First, the AGO has not written off any significant debt. Second, this process requires review by the Chief Counsel and the Deputy Chief of Staff. Often, the Deputy Attorney General is copied on the decision item. If the Deputy Chief of Staff or Deputy Attorney General determine that the amount at issue is significant enough to require the attention of the Attorney General, the matter is brought to his attention for final review. The AGO will implement an ongoing list of uncollectible cases.*

## **2. Internal Control Records, Policies, and Procedures**

Receipting duties are not centralized in the fiscal unit. In addition, the office needs to improve its handling of checks received from violators of the state's environmental laws. Also, the hours billed for work performed for various professional boards were not always accurate, all employees are not required to prepare time sheets, and the costs per case are not tracked.

- A. Receipts are not initially received and recorded by the office's fiscal unit. Instead, the various divisions receive the funds related to their cases, including restitution, penalties and awards, registration and program fees, recovery costs, and miscellaneous refunds. Each division processes the funds received and either forwards the funds to other entities or to the fiscal unit for deposit into the appropriate state fund, or in one of the office's bank accounts maintained outside the state treasury.

Depending on the type of receipt, receipts may be processed by the divisions and forwarded the same day or in some cases several months after funds are received. In addition, the divisions do not always record receipts when received and checks, payable to the office, are not restrictively endorsed by the divisions. During a cash count, on November 19, 2003, we noted twenty-four checks, totaling \$77,510, which had been received, but not recorded by the Environmental Protection Division (EPD). Once the fiscal unit receives the funds, checks are immediately endorsed and the receipts are deposited.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, the fiscal unit should initially receive and record all monies received by the office. Then, the unit should notify the applicable division of the amount(s) received.

- B. The EPD has not established adequate procedures to ensure the proper handling of checks received.

The EPD represents the Department of Natural Resources (DNR), including its constituent boards and commissions. Division attorneys take legal action to stop pollution and penalize polluters through fines, civil penalties, and, in the most serious cases, incarceration. The division also pursues recoveries of DNR response costs and natural resource damages. Funds received by the division are forwarded to the applicable state or local governmental entity.

Our review of the division's handling of these checks noted the following concerns:

1. Procedures are not adequate to ensure all checks and related check information are properly recorded in the division's computerized receipts system. During our review of the receipts log for the four years ended June 30, 2003, we noted 39 instances where checks, totaling approximately \$218,000, were recorded twice.

To provide assurance that all receipts are properly recorded and forwarded to the applicable entity, the division should establish procedures to ensure all receipts are properly recorded.

2. The EPD did not always forward checks to the applicable entity in a timely manner. During a cash count, on November 19, 2003, we noted eight checks, totaling \$81,762, had been held for more than 30 days after they had been received. One of these checks, for \$9,000, was received in March 1999. According to division officials, checks are not forwarded to the applicable entity until there is final resolution by all parties.

To adequately safeguard receipts and reduce the risk of loss or misuse of funds, the office should deposit checks when received. Once a final resolution has been reached, the office could issue a check to the applicable entity.

3. A return receipt was not always obtained for checks forwarded to other entities. For 2 of 25 (8 percent) EPD cases reviewed, a return receipt was not in the case file. After we had brought the missing return receipts to their attention, division personnel obtained the return receipt from the applicable entity for one of these cases.

To provide assurance that checks are properly handled, the office should ensure a return receipt is obtained and retained for all checks forwarded to other entities.

- C. The Governmental Affairs Division (GAD) has not established adequate procedures to ensure the number of hours billed for work performed by the division's attorneys are properly charged to the applicable professional boards.

Division attorneys serve as general counsel for more than 30 professional licensing boards, and a monthly bill is submitted to the various professional boards for the attorneys' time. Based upon the monthly bill, the Division of Professional Registration transfers funds of the various boards to the General Revenue Fund-State for the work performed. The divisions' attorneys fill out monthly time records which identify the client and the hours worked each day, and this information is entered by division secretaries into the office's computerized time system.

A review of 23 of 296 professional board billings in fiscal year 2003 disclosed that 18 (78 percent) billings were not correct. For example, the total hours billed for one board was 20.80 hours less than the actual hours worked, while the total hours billed for another board was 15.60 hours more than the actual hours worked. These incorrect billings appeared to be due to errors in entering the timesheets into the computerized time system. Overall, for the billings reviewed, the division failed to bill for a total of 34.50 hours. As a result, the General Revenue Fund-State was under-reimbursed \$2,100 (34.50 hours x \$60.87 an hour).

According to division management, although the time system reports are reviewed prior to submitting the bill to the professional boards, there is no reconciliation of the attorney's time records to the monthly billing. To help ensure the hours billed are properly charged to the professional boards, the office should establish procedures to reconcile the timesheets to the billing records.

- D. The AGO does not require all employees to prepare time sheets to account for hours worked and leave taken during the month. Only attorneys and hourly employees prepared time sheets. For those employees who do not prepare time sheets, daily

attendance records are prepared by the various receptionists, who record which employees are in when they take attendance. The daily attendance records are based on observations of the receptionists at a particular time each day. Employees not present when attendance is taken are marked as taking leave. The employees are responsible for submitting leave slips to the fiscal office, where leave taken is posted to the accumulated leave records.

Monthly time sheets should be required for all employees to adequately account for all time worked and leave taken. Time sheets are necessary to document hours actually worked, substantiate payroll expenditures and the allocation of payroll expenditures to the various funds, and to provide the office with a method to monitor hours worked. To support payroll expenditures, the office should require all employees prepare detailed time sheets.

- E. The AGO has not established procedures to track the costs per case. During the four years ended June 30, 2003, the AGO spent over \$72 million in personal service and expense and equipment costs to operate the office. Also, additional outside legal costs were paid from the State Legal Expense Fund and were not included in these amounts.

The AGO routinely receives reimbursement for the cost of the investigation and/or prosecution of consumer protection, antitrust, and no call cases. However, these costs are not supported by detail documentation.

Office personnel indicated that the amounts assessed against no call violators are determined on a case-by-case basis and are approved by the court. In addition, although attorneys in the Consumer Protection Division prepare monthly time records which identify the hours worked each day, cases worked on, and nature of the work for reimbursable cases, this information is not maintained for non-reimbursable cases. Also, the office does not track work performed by its investigators and administrative personnel.

Although many times the actual reimbursement is a negotiated amount in these cases, it appears the office should know the actual costs incurred to arrive at a reasonable settlement.

A system which charges costs and time to the various cases, as well as administrative functions, would support the appropriate recovery of investigation and/or prosecution costs. By not tracking the costs per case, the office has little assurance that its current reimbursements are a reflection of the true costs.

Conditions similar to parts D. and E. were reported in several prior reports.



**WE RECOMMEND** the AGO:

- A. Establish procedures whereby all monies are initially received by the fiscal unit. The fiscal unit should then notify the appropriate division of the receipt.
- B.1. Establish procedures to ensure all receipts are properly recorded.
  - 2. Establish procedures to ensure all checks are deposited when received. Once a final resolution has been reached, the office could issue a check to the appropriate entity, if applicable.
  - 3. Establish procedures to ensure return receipts are obtained and retained for all checks forwarded to other entities.
- C. Establish procedures to ensure attorney time records are reconciled to the computerized time system. In addition, the office should bill the applicable professional boards for any under-reported hours.
- D. Require the applicable employees to prepare monthly time sheets that document actual hours worked and leave taken, and submit these to their supervisor and the fiscal office for review and approval.
- E. Develop a system which accumulates costs per case.

**AUDITEE'S RESPONSE**

- A. *The AGO began the process of centrally locating its receivables by moving the Consumer and Work Comp Fraud receivables into the FSD. In addition, the AGO has now received the resources and has been developing a financial services database. This database will ensure the accuracy of information entered in the system, the generation of numerous reports, and the ability to track payments in cases. With the database going online, the Environmental Protection Division (EPD) and No Call receivables will be moved into the FSD. This will ensure that receivables established are processed by a different body. The FSD will notify the appropriate division upon receipt of a payment. Additionally, the new database will allow lawyers to review the payment ledger from their desktop.*
- B. *You do not suggest that any moneys have been lost due to the system currently used by the AGO, rather you suggest that a centralized safeguard system would ensure against any such loss. As indicated above, the AGO is centralizing all check receipt duties into the FSD. Appropriate procedures are currently in place in FSD to ensure receipt recording and return of receipts.*

*You suggest that all checks be deposited upon receipt by the AGO. As you acknowledge, the AGO has pursued the creation of an account that will allow for the timely depositing of checks. This has been approved by the Legislature and the AGO will implement.*

- C. *The AGO has implemented a policy to reconcile the hard copy of the time record with the computer system. As indicated in our initial response, the 34.50 hours identified in your report reflect less than 1% of the total hours billed. Nevertheless, the AGO will address the issue with the applicable boards.*
- D. *The AGO requires employees who are not attorneys and not employed on an hourly basis to document leave taken by preparing leave slips. Those employees also count on leave slips for extra hours worked for purposes of compensatory time. The accuracy of these leave slips is assured by third-party independent documentation of daily attendance. In addition, the attendance records are reconciled to ensure leave slips are submitted. The Auditor has suggested that these employees maintain monthly time sheets. While monthly time sheets are used by other offices, the Auditor could not point to a state personnel policy that requires their use. The AGO believes its process of documenting attendance provides adequate safeguards and allows us to identify attendance problems more accurately.*
- E. *The AGO has implemented a system that tracks the costs of cases where reimbursement for costs of investigation and/or prosecution is available. The AGO will review its process and include support and investigator personnel in its tracking system. The AGO continues to believe that tracking costs per case in cases where reimbursement is not available would be tremendously burdensome and would provide little or no useful information.*

|                         |
|-------------------------|
| <b>3. Plane Flights</b> |
|-------------------------|

The AGO does not maintain documentation to support the costs comparisons of commercial flights to the costs of using Office of Administration (OA) planes for out-of-state travel. According to office officials, it is office policy to conduct a cost comparison between commercial flights and flight services; however, the comparison is not documented.

The AGO routinely flies to various in-state and sometimes out-of-state locations using the flight services of the OA. During the four years ended June 30, 2003, 8 out-of-state flights and 216 in-state flights were taken in state planes at a cost totaling over \$19,000 and \$169,000, respectively. The Attorney General and generally several of his staff flew to out-of-state locations such as Washington, D.C.; Dallas, Texas; Detroit, Michigan; Atlanta, Georgia; and Chicago, Illinois for litigation proceedings, hearings, and meetings.

To ensure the most economical use of state resources, the office should prepare and retain documentation comparing the costs of commercial flights to the costs of using OA planes. This information should be retained with the flight information. If the higher cost alternative is chosen, the circumstances and justification for the decision should be documented.

A similar condition was noted in the prior report.

**WE AGAIN RECOMMEND** the AGO ensure a comparison of the costs of commercial flights to the costs of using OA planes for out-of-state travel is documented and retained.

### **AUDITEE'S RESPONSE**

*The AGO conducts a cost comparison between commercial flights and the flight services of the Office of Administration. The commercial flights in most of the instances noted would have required an overnight stay for the return trip the following day. Thus, the comparison included personnel time, hotel costs, meals, incidental expenses, and the lost work time associated with the overnight stay rather than a same day return utilizing the flight services of the Office of Administration.*

This report is intended for the information and use of the management of the Office of Attorney General and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

OFFICE OF ATTORNEY GENERAL  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by the Office of Attorney General on findings in the Management Advisory Report (MAR) of our prior audit report issued for the four years ended June 30, 1999. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the office should consider implementing those recommendations.

1. Professional Services

- A. Formal written contracts were rarely prepared for contracted legal and other professional services. Instead, the AGO generally used an engagement letter to document such arrangements. However, the AGO was not able to produce an engagement letter for some services. In addition, if there was an engagement letter, it did not always address all pertinent issues. Also, the letters did not always address the types of expenses that would be reimbursed and documentation which needed to be submitted for other professional and technical services.
- B. The AGO did not maintain documentation regarding the reasons for hiring outside legal counsel for particular cases or the method of selecting these attorneys.
- C. The AGO did not establish procedures to track the costs per case.

Recommendation:

The AGO:

- A. Ensure all legal and other professional services are supported by written agreements signed by both parties. The invoices should be reviewed for compliance with the written agreements and office policies.
- B. Document the rationale for hiring outside legal counsel and the method of selecting the attorney for the applicable case.
- C. Develop a system which accumulates costs per case.

Status:

- A. Implemented.
- B. Partially implemented. We noted improvement in the documentation supporting the rationale of hiring outside legal counsel. However, case files did not contain documentation supporting the method of selecting an attorney for an applicable case, when outside legal counsel was retained. AGO management believes the specific

rationale behind hiring attorneys in an individual case is work product and is privileged information. Although not repeated in the current MAR, our recommendation remains as stated above.

C. Not implemented. See MAR finding number 2.

## 2. Accounts Receivable

- A. Receipt duties were not segregated from the establishment of the receivable. Restitution payments, assessed by the courts for violations of merchandising practices laws, were received by the assistant attorneys general who also set up the payment plans and established the receivable amounts. The fiscal office was not notified of restitutions due until the first payment was received.
- B. The AGO's procedures for monitoring restitutions receivable were not adequate. The payment information was maintained in a file separate from the receivable records. In addition, the receivable balance was monitored on a case-by-case basis by the assistant attorney general assigned the case.

### Recommendation:

The AGO:

- A. Establish procedures whereby all monies are initially received by the fiscal office rather than the assistant attorneys general. The fiscal office should then notify the appropriate assistant attorney general of the receipt.
- B. Maintain a restitution control account summarizing accounts receivable and perform periodic reconciliations between the control account and the detailed records.

### Status:

- A. Not implemented. See MAR finding number 2.
- B. Partially implemented. Effective July 2001, all restitution payments are collected by the Financial Services Unit. Although a control account has been established, periodic reconciliations between the control account and the detailed records are not performed. See MAR finding number 1.

## 3. Personnel Records and Policies

- A.1. The AGO did not require some employees (those who were not hourly employees or attorneys) to prepare time sheets to account for all hours worked and leave taken during the month.

2. Although attorneys prepared a weekly time record which identified the hours worked each day, these records did not identify the case the attorney worked on or the nature of the work performed. The information from these time records was entered into the office's computerized time system, which accumulated information about the total hours worked by individual attorneys by the various divisions. However, this system appeared to provide little useful information while expending both employee and computer time.
- B. A written personnel policy was not established. Also, the office did not have written job descriptions for its employees.

Recommendation:

The AGO:

- A. Require the applicable employees to prepare monthly time sheets that document actual hours worked and leave taken, and submit these to their supervisor and the fiscal office for review and approval. In addition, the AGO should implement a timekeeping system which supports hours worked and work performed, and use this data to monitor performance and costs.
- B. Adopt a written personnel policy and job descriptions.

Status:

- A. Not implemented. See MAR finding number 2.
- B. Not implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

4. Plane Flights

The AGO did not ensure the cost of commercial flights was compared to the cost of using the Office of Administration (OA) planes for out-of-state air travel.

Recommendation:

The AGO ensure a comparison of the costs of commercial flights to the costs of using OA planes for out-of-state flights is documented and retained.

Status:

Not implemented. See MAR finding number 3.

5. Fixed Assets

- A. A physical inventory was not performed annually as required by state regulations.
- B. When a physical inventory was performed, the inventory was performed by the fiscal officer, the individual who was also responsible for the record keeping of these assets.
- C. The adjustments to the inventory records were not reviewed and/or approved by management.
- D. Some computer equipment purchased with federal funds for the Medicaid Fraud Control Unit (MFCU) was used by AGO employees in other sections.

Recommendation:

The AGO:

- A. Conduct an annual physical inventory of general fixed assets and reconcile the physical inventory to the fixed asset records.
- B. Ensure an individual independent of the record keeping function performs the physical inventory.
- C. Ensure the adjustments to the fixed asset records are reviewed and approved by management.
- D. Ensure the equipment purchased with federal funds for the MFCU is not used for any purpose other than investigating and prosecuting Medicaid fraud.

Status:

Implemented.

6. Bank Accounts

- A. Some of the monies deposited into bank accounts outside the state treasury appeared to be state funds, and it appeared the AGO did not have statutory authority to maintain state funds outside the state treasury.
- B. The AGO did not have a formal written depository contract with the bank where the accounts outside the state treasury were maintained.



Recommendation:

The AGO:

- A. Review the monies currently being held by the AGO outside the state treasury and take action to turn any state monies over to the STO, unless legislative authority is obtained allowing these monies to be maintained outside the state treasury.
- B. Enter into a written depositary agreement with the bank where the office's accounts are maintained.

Status:

- A. Not implemented. The office has continued to maintain funds outside the state treasury. However, office officials indicated that the office, in February 2004, submitted proposed legislation to the general assembly to create a trust fund within the state treasury to handle funds which are held for reimbursement to particular individuals or groups. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

## OFFICE OF ATTORNEY GENERAL HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Office of Attorney General was created in 1806, when Missouri was still a territory. The Missouri Constitution of 1820 provided for an appointed attorney general. It remained an appointed position until 1865, when a new constitution provided for an attorney general elected by the people.

The Attorney General's office is located in Jefferson City. There are branch offices in Kansas City, St. Louis, Springfield, and Cape Girardeau.

The office is organized into eight divisions: Litigation, Criminal, Consumer Protection, Governmental Affairs, Governmental Entities and Financial Services, Labor, Environmental Protection, and Public Safety. Each division is headed by a chief counsel who is responsible for the operations of the division.

Litigation Division: This division is responsible for representing all state agencies, officers and employees in civil litigation matters in state and federal courts. Cases include damage claims that implicate the Legal Expense Fund, construction and contract cases, civil rights cases, malpractice claims, class actions, personnel matters, and constitutional law issues. The attorneys in this division also advise the other divisions in matters involving litigation.

Criminal Division: This division represents the state in every felony case appealed to the Supreme Court of Missouri and Missouri Court of Appeals. The attorneys in this division also defend the state in all habeas corpus actions filed by prison inmates in state and federal court.

Consumer Protection Division: The division handles fraud investigations and litigation. Attorneys in this division represent Missouri consumers as a group in cases of consumer fraud, securities fraud, and antitrust matters. Also, these attorneys are active in discovering businesses that commit merchandising practices fraud in connection with the sale and advertising of products or services. This division includes an investigative staff that assists attorneys in investigations involving violations of the state's Merchandising Practices Act. The No Call program, to reduce telemarketing calls, is also under this division.

Governmental Affairs Division: The division represents many of the state's regulatory and licensing agencies, including the Board of Registration for Healing Arts, the Department of Mental Health, and the Department of Health and Senior Services. The attorneys in this division are also responsible for enforcing the state ethics and campaign finance laws, and for addressing questions about the state's open meeting and records law, commonly known as the Sunshine Law.

Governmental Entities and Financial Services Division: The division represents state agencies in collections, bankruptcies and commercial litigation, and provides legal advice and services to a variety of state officials and offices. Clients include the governor and other statewide elected officials, the Office of Administration and various state departments. Division attorneys also defend constitutional challenges to state laws and ballot issues and enforce compliance with state

laws by trusts, foundations and nonprofit corporations. Additionally, the attorneys in this division provide legal assistance to the Department of Social Services by enforcing child support laws and collecting child support in arrears.

Labor Division: This division provides general counsel and litigation services for the Missouri Department of Labor and Industrial Relations and its officers and agencies. The division also represents the state in prevailing wage disputes, crime victims' claims, and workers' compensation cases of state employees, including claims involving the Second Injury Fund.

Environmental Protection Division: This division represents the Department of Natural Resources (DNR) including its constituent boards and commissions that regulate the use of Missouri's air, land and waters. Enforcement litigation is filed primarily in state courts to seek preliminary and permanent injunctive relief to assure compliance with state environment laws. The division also pursues civil penalties and recovers DNR response costs and natural resource damages.

Public Safety Division: The Public Safety Division handles criminal prosecutions at the trial level. The Special Prosecution Unit assists local prosecuting attorneys in serious or difficult trials, including homicide cases and grand jury proceedings. The Meth Prosecution Unit specializes in handling criminal cases involving the manufacture, sale or possession of methamphetamine. The Workers' Compensation Fraud Unit prosecutes fraud or misconduct involving workers' compensation, and the Medicaid Fraud Control Unit prosecutes cases involving fraud of the state Medicaid program by health professionals, or abuse or neglect of Medicaid recipients by caregivers. The High Technology and Computer Crime Unit assists local law enforcement with investigations and prosecutions of computer and Internet crime cases. In addition, attorneys in the division also enforce the sexual violent predator law, investigate alleged misconduct by public officials, and serve as legal counsel for the Department of Public Safety, Highway Patrol, Water Patrol, and other state law enforcement agencies, and represent those agencies in all civil litigation in which they are a party.

On January 11, 1993, Jeremiah W. (Jay) Nixon was inaugurated as the state's fortieth Attorney General. He was reelected in November 1996 and 2000, and his present term will expire in January 2005.

At June 30, 2003, the Office of Attorney General employed approximately 335 full-time and 9 part-time employees. An organization chart follows:

OFFICE OF ATTORNEY GENERAL  
ORGANIZATION CHART  
JUNE 30, 2003

